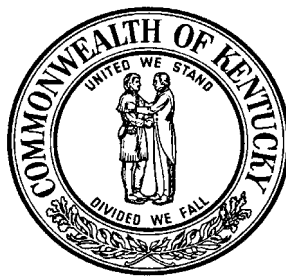


**REPORT OF THE AUDIT OF THE  
KNOX COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2006**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable J.M. Hall, Knox County Judge/Executive

Honorable Raymond Smith, Former Knox County Judge/Executive

Members of the Knox County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, Certified Public Accountants, presents the Fourth Quarterly Report of Knox County, Kentucky, as of and for the year ended June 30, 2006.

We engaged Ross & Company, PLLC to perform the audit. We worked closely with the firm during our report review process; Ross & Company, PLLC evaluated Knox County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE KNOX COUNTY FISCAL COURT**

**June 30, 2006**

Ross & Company, PLLC was engaged to audit the financial activities of the Knox County Fiscal Court for fiscal year ended June 30, 2006 and have issued a disclaimer of opinion thereon. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Knox County's major federal programs for the year ended June 30, 2006.

Based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards. The significance of these issues, in the aggregate, prevents us from expressing an opinion and we do not express an opinion on the financial activities of the Knox County Fiscal Court.

#### **Report Comments:**

- 2006-01 The County Should Improve Their Internal Control Procedures
- 2006-02 The County's Security and Controls Over The Accounting Software Are Inadequate
- 2006-03 The County Should Have Better Control Over Voided Checks
- 2006-04 The County Should Maintain Proper Records For The Public Properties Corporation Fund
- 2006-05 The County Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral
- 2006-06 The Jail Canteen Account Should Be Closed
- 2006-07 The Former Administration Transferred \$411,604 Of Funds Prior To Fiscal Court Approval
- 2006-08 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Over \$2,000,000 Of Expenditures That Failed Testing Procedures
- 2006-09 The County Should Take Possession Of Assets That Were Purchased Within A Reasonable Time Period
- 2006-10 The County Owes Approximately \$728,000 In Past Due Inmate Medical Bills
- 2006-11 Over \$4,000 Of Credit Card Expenditures Could Not Be Appropriately Validated And Were Not Properly Documented
- 2006-12 The Purpose And Location Of Work Performed Using Rental Equipment Should Be Logged Daily And Signed By The Operator
- 2006-13 Questionable Payments Were Made To A Company Totaling \$113,173 For Various County Road Projects
- 2006-14 The County Should Require All Employees To Maintain Timesheets And Keep Attendance Records
- 2006-15 The County Has Inaccurate And Incomplete Vacation Records For Employees
- 2006-16 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2006-17 The County Failed To Report Fringe Benefits Compensation As Taxable Income On Employees' W-2's And The County Also Needs To Improve Internal Controls Over County Cell Phone Usage
- 2006-18 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The Proper Location
- 2006-19 The Former County Treasurer Did Not Prepare A Schedule of Expenditures Of Federal Awards

**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**KNOX COUNTY FISCAL COURT**  
**June 30, 2006**  
(Continued)

- 2006-20 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2006-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement
- 2006-22 The County Entered Into An Agreement To Lease/Sell The Knox County Hospital Without Fiscal Court Approval And Without Complying With State Disposal Laws
- 2006-23 The County Should Ensure That The Knox County Public Properties Corporation Is Complying With Contractual Agreements
- 2006-24 The Former Treasurer Did Not Prepare An Annual Statement In Accordance With KRS 424.220

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**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
**800 Envoy Circle**  
**Louisville, KY 40299**  
**Telephone (502) 499-9088**  
**Facsimile (502) 499-9132**  
**www.rosscpas.com**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable J.M. Hall, Knox County Judge/Executive

Honorable Raymond Smith, Former Knox County Judge/Executive

Members of the Knox County Fiscal Court

Independent Auditor's Report

We were engaged to audit the financial activity contained in the Fourth Quarterly Report of Knox County, Kentucky, as of and for the year ended June 30, 2006. The financial activity is the responsibility of the Knox County Fiscal Court.

The financial activity contained in the Fourth Quarterly Report is intended to present budgeted and actual revenues and expenditures of the Knox County Fiscal Court on the cash basis of accounting and also the long-term debt of the Fiscal Court. Actual revenues and expenditures are recognized when received or paid rather than when earned or incurred. The presentation of the financial activity contained in the Fourth Quarterly Report is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our assessment of fraud risk, we determined the risk of fraud to be too high, and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Because of the high level of fraud risk, internal control weakness, management overrides of controls, and failure to provide a management representation letter, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial activity contained in the report referred to in the first paragraph.

Our audit was conducted for the purpose of forming an opinion on the Fourth Quarterly Report of Knox County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the Fourth Quarterly Report. Because of the scope limitations discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express an opinion on the Fourth Quarterly Report, and likewise for the same reasons, we are unable to express, and we do not express, an opinion on the schedule of expenditures of federal awards in relation to the Fourth Quarterly Report.

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable J.M. Hall, Knox County Judge/Executive

Honorable Raymond Smith, Former Knox County Judge/Executive

Members of the Knox County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2008, on our consideration of Knox County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2006-01 The County Should Improve Their Internal Control Procedures
- 2006-02 The County's Security and Controls Over The Accounting Software Are Inadequate
- 2006-03 The County Should Have Better Control Over Voided Checks
- 2006-04 The County Should Maintain Proper Records For The Public Properties Corporation Fund
- 2006-05 The County Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral
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To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

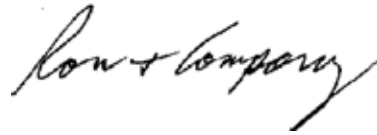
Honorable J.M. Hall, Knox County Judge/Executive

Honorable Raymond Smith, Former Knox County Judge/Executive

Members of the Knox County Fiscal Court

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- 2006-23 The County Should Ensure That The Knox County Public Properties Corporation Is Complying With Contractual Agreements
- 2006-24 The Former Treasurer Did Not Prepare An Annual Statement In Accordance With KRS 424.220

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company".

Ross & Company, PLLC  
Certified Public Accountants

May 26, 2008



KNOX COUNTY OFFICIALS

For The Year Ended June 30, 2006

**Fiscal Court Members:**

Raymond C. Smith	County Judge/Executive
Carson Gilbert	Magistrate
Willard Bargo	Magistrate
Vernon Hamilton	Magistrate
Doyle Gibson	Magistrate
Guilio Cima	Magistrate

**Other Elected Officials:**

Charley Dixon, Jr.	County Attorney
Preston Smith	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
John Pickard	Sheriff
Bill Oxendine	Property Valuation Administrator
Jerry Garland	Coroner

**Appointed Personnel:**

Tammy Wine	County Treasurer
Tammy Wine	Occupational Tax Administrator
Tammy Mayes	Finance Officer

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**KNOX COUNTY  
FOURTH QUARTER FINANCIAL STATEMENT**

**For The Year Ended June 30, 2006**





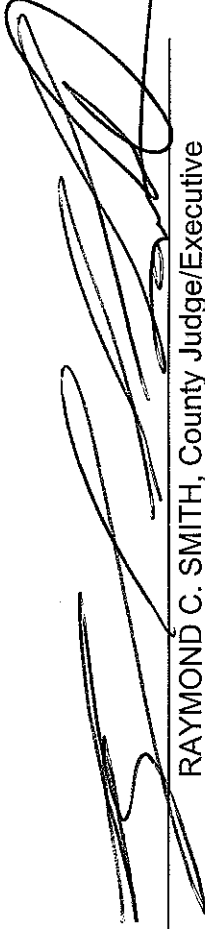
# **Knox County Fiscal Court**

***Fiscal Year 2005-2006***

***Period Ending: June 30, 2006***

## **County Financial Statement** **SECTION IV** **Appropriation Condition Section**

TO THE BEST OF MY KNOWLEDGE, THE INFORMATION CONTAINED HEREIN IS ACCURATE AND COMPLETE.



RAYMOND C. SMITH, County Judge/Executive

*7-25-06*

Date

# Knox County, Fiscal Court Financial Statement

Fiscal Year 2005-2006

As Of: June 30, 2006

SECTION I

## SUMMARY

	GENERAL	ROAD	JAIL	L.G.E.A.	STINK CRK	OCC. LIC.	911 FUND	HAR/KNOX	FED FUNDS	HOSPITAL	SEKRBP	Total
Total Receipts To-Date	3,742,173.35	3,035,046.48	1,579,813.84	800,936.72	0.00	815,022.10	473,526.45	34,686.01	1,324,046.74	1,667,936.81	169,982.06	13,643,170.56
Total Claims Paid To-Date	2,800,754.93	2,933,542.39	1,535,242.53	757,224.68		795,763.64	251,407.65	34,573.70	1,312,944.41	959,646.75	117,072.71	11,498,173.39
Cash Balance	941,418.42	101,504.09	44,571.31	43,712.04	0.00	19,258.46	222,118.80	112.31	11,102.33	708,290.06	52,909.35	2,144,997.17
Total Encumbrances	9,460.44	58,820.17	1,677.95				2,478.34					72,436.90
Unencumbered Cash Balance	931,957.98	42,683.92	42,893.36	43,712.04	0.00	19,258.46	219,640.46	112.31	11,102.33	708,290.06	52,909.35	2,072,560.27

## RECONCILIATION

	GENERAL	ROAD	JAIL	L.G.E.A.	STINK CRK	OCC. LIC.	911 FUND	HAR/KNOX	FED FUNDS	HOSPITAL	SEKRBP	Total
Bank Balance	1,523,555.15	268,012.48	158,734.73	238,266.22		20,433.70	232,294.48	112.31	11,102.33	709,904.06	52,909.35	3,215,324.81
Deposits in Transit +												
Outstanding Checks -	582,136.73	166,508.39	114,163.42	194,554.18		1,175.24	10,175.68			1,614.00		1,070,327.64
Other Investments +												
Cash Balance =	941,418.42	101,504.09	44,571.31	43,712.04		19,258.46	222,118.80	112.31	11,102.33	708,290.06	52,909.35	2,144,997.17

TO THE BEST OF MY KNOWLEDGE, THE INFORMATION CONTAINED HEREIN IS ACCURATE AND COMPLETE.

*Tammy Wine*  
TAMMY WINE, County Treasurer

*7-25-06*  
Date

*Raymond C. Smith*  
RAYMOND C. SMITH, Judge/Executive

*7-25-06*  
Date

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>GENERAL Fund</b>							
01-4101-	REAL PROPERTY TAXES-SHERIFF	775,000.00		775,000.00	33,273.43	795,846.90	(20,846.90)
01-4103-	MOTOR VEHICLE TAXES	143,500.00		143,500.00	49,065.26	162,832.21	(19,332.21)
01-4104-	DELINQUENT TAXES	68,000.00		68,000.00	7,844.04	43,942.96	24,057.04
01-4107-	UNMINED MINERALS	100.00	41,825.32	41,925.32	2,797.52	45,286.40	(3,361.08)
01-4119-	TIMBERLAND TAX	1,450.00		1,450.00	78.97	2,157.01	(707.01)
01-4130-	BANK FRANCHISES	78,000.00	4,374.60	82,374.60		82,374.60	0.00
01-4131-	FRANCHISE CORPORATION TAX	125,000.00	94,537.77	219,537.77	46,589.66	242,705.83	(23,168.06)
01-4134-	OCCUPATIONAL FEES					2,010.68	(2,010.68)
01-4135-	DEED TRANSFER	36,500.00		36,500.00	8,395.15	38,365.76	(1,865.76)
01-4203-	TVA PILT					15.61	(15.61)
01-4302-	COUNTY CLERK EXCESS FEES	163,500.00		163,500.00	6,081.68	166,081.68	(2,581.68)
01-4401-	COMMERCIAL LICENSE	250.00		250.00	20.00	255.00	(5.00)
01-4501-	OMITTED PROPERTY TAX	5,500.00		5,500.00	4,757.66	10,036.97	(4,536.97)
01-4505-	MOTOR VEHICLE TAX - OTHER COUNTIES	25,000.00		25,000.00	5,921.79	26,647.57	(1,647.57)
01-4510-	STATE GRANTS				4,503.92	4,503.92	(4,503.92)
01-4510-	-001 STATE GRANTS (SB66)	10,688.69		10,688.69		10,016.66	672.03
01-4510-	-002 HAVA VOTING MACHINE GRANT	165,000.00		165,000.00	165,000.00	165,000.00	
01-4510-	-003 STATE GRANTS - CVADD		10,000.00	10,000.00		10,000.00	
01-4512-	HOMELAND SECURITY GRANTS					2,500.00	(2,500.00)
01-4520-	ELECTION EXPENSE REIMBURSEMENTS	7,650.00		7,650.00		7,650.00	
01-4521-	BOARD OF ASSESSMENT APPEALS	400.00		400.00		400.00	
01-4522-	LEGAL PROCESS TAX	250.00		250.00		201.44	48.56
01-4526-	STRIP MINE PERMITS	8,225.00		8,225.00		5,441.67	2,783.33
01-4532-	AOC SPACE RENTAL	130,600.00	54,324.00	184,924.00	63,873.25	184,924.00	
01-4541-	EMERGENCY MANAGEMENT REIMBURSEMENT	14,250.00		14,250.00	2,423.09	6,230.80	8,019.20
01-4546-	TRANSFER, KNOX CO. HOSPITAL (PACER HTH)					250,000.00	(250,000.00)
01-4549-	COUNTY SHERIFF FEES (POOLING)	430,000.00		430,000.00	94,775.16	468,144.38	(38,144.38)

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
01-4601- -	FIRE SUPPRESSION FEES					660.00	(660.00)
01-4701- -	VENDING MACHINE COMMISSION	1,200.00		1,200.00	362.12	1,354.78	(154.78)
01-4727- -	REIMBURSEMENTS				40.00	2,151.70	(2,151.70)
01-4731- -	MISCELLANEOUS REVENUES	2,500.00		2,500.00	886.29	1,909.05	590.95
01-4733- -	INSURANCE REIMBURSEMENTS	80,000.00		80,000.00	30,355.66	105,871.10	(25,871.10)
01-4756- -	POLICE SERVICES REIMBURSEMENT		7,431.36	7,431.36	3,971.88	14,668.44	(7,237.08)
01-4799- -	OTHER RECEIPTS	8,000.00		8,000.00	34.13	8,927.01	(927.01)
01-4806- -	INTEREST ON CHECKING	4,000.00		4,000.00	7,973.47	14,632.08	(10,632.08)
01-4808- -	INTEREST FROM KARP	7,200.00		7,200.00		7,466.36	(266.36)
	TOTAL REVENUES GENERAL FUND	2,291,763.69	212,493.05	2,504,256.74	539,024.13	2,891,212.57	(386,955.83)
01-4901- -	SURPLUS PRIOR YEAR	75,000.00	281,815.00	356,815.00		356,815.28	(.28)
01-4903- -	ADJUSTMENTS TO PRIOR YEAR SURPLUS					425.32	(425.32)
01-4909- -	TRANSFER OUT	(897,234.54)		(897,234.54)	(410,000.00)	(1,312,500.00)	415,265.46
01-4910- -	TRANSFER IN	1,600,237.50		1,600,237.50	509,370.54	1,806,220.18	(205,982.68)
	TOTAL RECEIPTS GENERAL FUND	3,069,766.65	494,308.05	3,564,074.70	638,394.67	3,742,173.35	(178,098.65)

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>ROAD Fund</b>							
02-4205-	NATIONAL FOREST-PILT	110.00		110.00		109.79	.21
02-4404-	OVERWEIGHT COAL TRUCKS		5,361.83	5,361.83		5,361.83	
02-4506-	STATE REIMBURSEMENTS-GA SECRETARY	503,000.00		503,000.00			503,000.00
02-4510-	STATE GRANTS		50,220.36	50,220.36		50,220.36	
02-4514-	STATE GRANTS-GA PAVING/BRIDGE REPL.	503,204.97	54,562.76	557,767.73		513,447.00	44,320.73
02-4514-	-001 STATE GRANTS - PAVING		16,984.00	16,984.00		16,984.00	
02-4514-	-002 STATE GRANTS - BRIDGES		154,164.08	154,164.08		154,164.08	(0.00)
02-4515-	ENERGY RECOVERY	600.00		600.00			600.00
02-4516-	TRUCK LICENSE REFUND	203,000.00	19,690.42	222,690.42		222,690.42	(0.00)
02-4517-	DRIVER'S LICENSE REFUND		2,800.00	2,800.00		2,907.75	(107.75)
02-4518-	COUNTY ROAD AID	900,000.00		900,000.00		890,827.00	9,173.00
02-4519-	MUNICIPAL ROAD AID	50,000.00	26,486.14	76,486.14		76,486.14	
02-4542-	FEMA REIMBURSEMENTS	50,000.00		50,000.00		50,609.63	(609.63)
02-4704-	SURPLUS EQUIPMENT SALE		27,270.00	27,270.00	173,910.00	201,180.00	(173,910.00)
02-4727-	REIMBURSEMENTS	27,000.00		27,000.00	72.00	7,052.39	19,947.61
02-4731-	MISCELLANEOUS REVENUES	1,000.00		1,000.00			1,000.00
02-4733-	INSURANCE REIMBURSEMENTS		41,985.00	41,985.00	706.72	42,691.72	(706.72)
02-4806-	INTEREST EARNED ON CHECKING	1,500.00	1,703.29	3,203.29	524.44	3,523.84	(320.55)
02-4808-	INTEREST ON KARP	2,000.00	1,068.53	3,068.53		3,068.53	(0.00)
	<b>TOTAL REVENUES ROAD FUND</b>	<b>2,244,214.97</b>	<b>399,496.41</b>	<b>2,643,711.38</b>	<b>175,213.16</b>	<b>2,241,324.48</b>	<b>402,386.90</b>
02-4901-	SURPLUS PRIOR YEAR					30,417.40	(122.40)
02-4905-	BOND SALE PROCEEDS	50,000.00	(19,705.00)	30,295.00		485,100.00	2,475.00
02-4909-	TRANSFER OUT		487,575.00	487,575.00			
02-4910-	TRANSFER IN				17,474.60	278,204.60	(278,204.60)

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
	TOTAL RECEIPTS ROAD FUND	2,294,214.97	867,366.41	3,161,581.38	192,687.76	3,035,046.48	126,534.90

# Knox County Fiscal Court

## Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>JAIL Fund</b>							
03-4533-	STATE/JAIL ALLOTMENT	93,808.00		93,808.00	18,461.07	73,844.27	19,963.73
03-4534-	STATE JAIL MEDICAL	20,000.00		20,000.00	3,017.26	6,035.36	13,964.64
03-4535-	COURT COST COLLECTION, CIRCUIT CLERK	12,500.00		12,500.00	3,280.35	12,891.09	(391.09)
03-4538-	DUI FEES	7,700.00		7,700.00	2,000.83	6,986.22	733.78
03-4727-	REIMBURSEMENTS	2,500.00		2,500.00	82.35	124.75	2,375.25
03-4731-	MISCELLANEOUS REVENUES	500.00		500.00			500.00
03-4799-	OTHER RECEIPTS	5,000.00		5,000.00		400.00	4,600.00
03-4806-	INTEREST ON CHECKING	500.00		500.00	201.89	781.20	(281.20)
	<b>TOTAL REVENUES JAIL FUND</b>	<b>142,508.00</b>		<b>142,508.00</b>	<b>27,043.75</b>	<b>101,042.89</b>	<b>41,465.11</b>
03-4901-	SURPLUS PRIOR YEAR	3,000.00	28,792.00	31,792.00		31,791.95	.05
03-4903-	ADJUSTMENTS TO PRIOR YEAR SURPLUS					1,979.00	(1,979.00)
03-4910-	TRANSFER IN	1,255,886.31		1,255,886.31	415,000.00	1,445,000.00	(189,113.69)
	<b>TOTAL RECEIPTS JAIL FUND</b>	<b>1,401,394.31</b>	<b>28,792.00</b>	<b>1,430,186.31</b>	<b>442,043.75</b>	<b>1,579,813.84</b>	<b>(149,627.53)</b>

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>L.G.E.A. Fund</b>							
04-4510- -	STATE GRANTS						
04-4510- -001	STATE GRANTS-KNOX COUNTY CLERK IT EQUIP.	20,000.00		20,000.00		20,000.00	
04-4510- -002	KNOX COUNTY SHERIFF-VEHICLES AND EQUIP.	50,000.00		50,000.00		50,000.00	
04-4510- -003	KNOX CO. FIRE DEPTS-PROGRAM SUPPORT	160,000.00		160,000.00		160,000.00	
04-4510- -004	STATE GRANTS-LIBRARY	5,000.00		5,000.00		5,000.00	
04-4510- -005	STATE GRANTS-KCEOC IRENE CHEEK EMERG.	5,000.00		5,000.00		5,000.00	
04-4510- -006	STATE GRANTS-KC EMS	30,000.00		30,000.00		30,000.00	
04-4510- -007	STATE GRANTS-KNOX PARTNERS EDC PROJECT	2,000,000.00		2,000,000.00			2,000,000.00
04-4510- -008	LGEDF ROADFORK WATER TANK PROJECT	270,000.00		270,000.00			270,000.00
04-4527- -	COAL SEVERANCE TAX	220,000.00	41,574.45	261,574.45	71,816.16	261,574.45	
04-4529- -	MINERALS SEVERANCE TAX	331,500.00	187,690.72	519,190.72	168,185.34	519,190.72	
04-4799- -	OTHER RECEIPTS						
04-4806- -	INTEREST ON CHECKING ACCOUNTS	2,500.00		2,500.00	1,110.79	5,234.89	(2,734.89)
	<b>TOTAL REVENUES LOCAL GOVERNMENT ECONOMIC ASSIST/</b>	<b>3,094,000.00</b>	<b>229,265.17</b>	<b>3,323,265.17</b>	<b>241,112.29</b>	<b>1,056,000.06</b>	<b>2,267,265.11</b>
04-4901- -	SURPLUS PRIOR YEAR						.34
04-4909- -	TRANSFERS OUT TO OTHER FUNDS	25,000.00	128,167.00	153,167.00		153,166.66	
		(358,651.77)		(358,651.77)	(17,500.00)	(408,230.00)	49,578.23
	<b>TOTAL RECEIPTS LOCAL GOVERNMENT ECONOMIC ASSISTAI</b>	<b>2,760,348.23</b>	<b>357,432.17</b>	<b>3,117,780.40</b>	<b>223,612.29</b>	<b>800,936.72</b>	<b>2,316,843.68</b>



# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>STINK CRK Fund</b>							
TOTAL REVENUES STINKING CREEK FUND							
13-4901- -	SURPLUS PRIOR YEAR	10,600.00	1,640.00	12,240.00	(12,240.15)	12,240.15	(.15)
13-4909- -	TRANSFER OUT					(12,240.15)	12,240.15
13-4910- -	TRANSFER IN						
TOTAL RECEIPTS STINKING CREEK FUND							
		10,600.00	1,640.00	12,240.00	-12,240.15	0.00	12,240.00

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>OCC. LIC. Fund</b>							
23-4134- -	OCCUPATIONAL LICENSE FEES	2,300,000.00	265,893.12	2,565,893.12	724,712.63	2,594,031.35	(28,138.23)
23-4806- -	INTEREST ON CHECKING	1,650.00		1,650.00	926.93	3,121.74	(1,471.74)
	TOTAL REVENUES OCCUPATIONAL LICENSE FUND	2,301,650.00	265,893.12	2,567,543.12	725,639.56	2,597,153.09	(29,609.97)
23-4901- -	SURPLUS PRIOR YEAR	50,000.00	(33,176.00)	16,824.00		16,823.64	.36
23-4903- -	ADJUSTMENTS TO PRIOR YEAR SURPLUS						
23-4909- -	TRANSFER OUT TO OTHER FUNDS	(1,600,237.50)		(1,600,237.50)	(502,104.99)	(1,798,954.63)	198,717.13
23-4910- -	TRANSFER IN FROM OTHER FUNDS						
	TOTAL RECEIPTS OCCUPATIONAL LICENSE FUND	751,412.50	232,717.12	984,129.62	223,534.57	815,022.10	169,107.52

# Knox County Fiscal Court

## Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>911 FUND Fund</b>							
75-4140-	TELEPHONE / 911 TAXES	192,000.00		192,000.00	44,168.95	195,391.28	(3,391.28)
75-4727-	REIMBURSEMENTS				105.00	305.00	(305.00)
75-4806-	INTEREST ON CHECKING	5,000.00		5,000.00	1,310.88	5,760.67	(760.67)
	<b>TOTAL REVENUES 911 FUND</b>	<b>197,000.00</b>		<b>197,000.00</b>	<b>45,584.83</b>	<b>201,456.95</b>	<b>(4,456.95)</b>
75-4901-	SURPLUS PRIOR YEAR						
75-4909-	TRANSFER OUT	250,000.00	22,070.00	272,070.00		272,069.50	.50
75-4910-	TRANSFER IN						
	<b>TOTAL RECEIPTS 911 FUND</b>	<b>447,000.00</b>	<b>22,070.00</b>	<b>469,070.00</b>	<b>45,584.83</b>	<b>473,526.45</b>	<b>(4,456.45)</b>

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>HAR/KNOX Fund</b>							
76-4562- -	WIRELESS 911	40,000.00		40,000.00	37.50	24,540.42	15,459.58
76-4806- -	INTEREST ON CHECKING	250.00		250.00	.52	222.18	27.82
	<b>TOTAL REVENUES HARLAN/ KNOXJOINT E-911 FUND</b>	<b>40,250.00</b>		<b>40,250.00</b>	<b>38.02</b>	<b>24,762.60</b>	<b>15,487.40</b>
76-4901- -	SURPLUS PRIOR YEAR	5,000.00	4,923.00	9,923.00		9,923.41	(.41)
	<b>TOTAL RECEIPTS HARLAN/ KNOXJOINT E-911 FUND</b>	<b>45,250.00</b>	<b>4,923.00</b>	<b>50,173.00</b>	<b>38.02</b>	<b>34,686.01</b>	<b>15,486.99</b>

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>FED FUNDS Fund</b>							
77-4503- -	FEDERAL REIMBURSEMENTS				415.36		(415.36)
77-4503- -001	FEDERAL REIMBURSEMENTS-TRI-COUNTY ACC						
77-4504- -	FEDERAL GRANTS						
77-4504- -002	FEDERAL GRANTS-PRIDE COMMUNITY GRANT	50,000.00	78,900.00	128,900.00		128,900.00	
77-4504- -003	FEDERAL GRANTS-PRIDE MOORE HILL SEWER	394,429.00		394,429.00			394,429.00
77-4504- -004	FEDERAL GRANTS-PRIDE BIMBLE SEWER	872,075.00		872,075.00	74,827.49	660,327.77	211,747.23
77-4512- -	HOMELAND SECURITY GRANTS		919.57	919.57		919.57	
77-4512- -004	HOMELAND SECURITY GRANT -REPEATER SYSTEM		10,000.00	10,000.00		10,000.00	
77-4512- -005	FEDERAL GRANTS-HOMELAND SECURITY	558,079.00		558,079.00		266,019.91	292,059.09
77-4546- -	TRANSFER - KNOX CO. HOSPITAL		237,249.95	237,249.95		237,249.95	
77-4727- -	REIMBURSEMENTS				3,000.00	3,000.00	(3,000.00)
TOTAL REVENUES FEDERAL FUNDS PROGRAM		1,874,583.00	327,069.52	2,201,652.52	77,827.49	1,306,832.56	894,819.96
77-4901- -	SURPLUS PRIOR YEAR					14,714.18	(.18)
77-4910- -	TRANSFER IN	10,000.00	4,714.00	14,714.00		2,500.00	(2,500.00)
TOTAL RECEIPTS FEDERAL FUNDS PROGRAM		1,884,583.00	331,783.52	2,216,366.52	77,827.49	1,324,046.74	892,319.78

# Knox County Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>HOSPITAL Fund</b>							
78-4705- -	SURPLUS REAL PROPERTY SALES				4,133.02	264,133.02	(264,133.02)
78-4711- -	HOSPITAL LEASE PAYMENTS	1,071,682.80		1,071,682.80	178,613.80	893,069.00	178,613.80
78-4727- -	REIMBURSEMENTS				72,500.00	72,500.00	(72,500.00)
78-4731- -	MISCELLANEOUS REVENUE				386.20	5,431.00	(5,431.00)
78-4806- -	INTEREST ON CHECKING	10,000.00		10,000.00	1,818.84	6,074.92	3,925.08
	<b>TOTAL REVENUES HOSPITAL SINKING FUND</b>	<b>1,081,682.80</b>		<b>1,081,682.80</b>	<b>257,451.86</b>	<b>1,241,207.94</b>	<b>(159,525.14)</b>
78-4901- -	SURPLUS PRIOR YEAR	750,000.00	(323,271.00)	426,729.00		426,728.87	.13
	<b>TOTAL RECEIPTS HOSPITAL SINKING FUND</b>	<b>1,831,682.80</b>	<b>-323,271.00</b>	<b>1,508,411.80</b>	<b>257,451.86</b>	<b>1,667,936.81</b>	<b>(159,525.01)</b>

# Knox County, Tennessee Fiscal Court Revenue Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION II

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	Anticipated FY Revenues
<b>SEKRBP Fund</b>							
79-4101- -	REAL ESTATE-SHERIFF	200.00		200.00			200.00
79-4134- -	OCCUPATIONAL LICENSE FEE	100,000.00		100,000.00	26,897.05	108,384.18	(8,384.18)
79-4806- -	INTEREST ON CHECKING ACCOUNT	200.00		200.00	123.73	408.81	(208.81)
	TOTAL REVENUES SEKRB PARK FUND	100,400.00		100,400.00	27,020.78	108,792.99	(8,392.99)
79-4901- -	SURPLUS PRIOR YEAR	75,000.00	(13,811.00)	61,189.00		61,189.07	(.07)
	TOTAL RECEIPTS SEKRB PARK FUND	175,400.00	-13,811.00	161,589.00	27,020.78	169,982.06	(8,393.06)
	GRAND TOTAL RECEIPTS FOR ALL FUNDS	14,671,652.46	2,003,950.27	16,675,602.73	2,115,955.87	13,643,170.56	3,032,432.17

# Knox County Fiscal Court

## Liabilities Journal

All Funds

Period From: 04/01/2006 To: 06/30/2006

Issue	Date	Description	Prin. Account	Prin. Amount	Prin. Balance	Interest Account	Int. Amount	Int. Balance	Issue Total	Issue Balance
07	05/31/2001	Hospital - Equipment	78-7500-603-	1,115,000.00	622,000.00	78-7500-607-	325,760.63	98,284.80	1,440,760.63	720,284.80
04	04/10/2003	John Deere Credit - Loader	04-6105-602-	118,300.00	50,064.18	04-6105-606-	12,587.87	2,124.42	130,887.87	52,188.60
08	06/01/2004	General Obligation Bonds - Serit	78-7500-603-	3,395,000.00	3,340,000.00	78-7500-607-	3,449,886.39	3,126,913.85	6,844,886.39	6,466,913.85
09	08/01/2004	General Obligation Bonds - Serit	78-7500-603-	6,670,000.00	6,670,000.00	78-7500-607-	6,417,953.12	6,223,558.15	13,087,953.12	12,893,558.15
06	11/16/2004	KLCFCA Jail Lease - Refinance	03-7700-602-	276,310.10	255,679.40	03-7700-606-	105,177.42	79,554.32	381,487.52	335,233.72
11	01/19/2005	KADD Lease A - Equipment	04-6105-602-	485,000.00	315,000.00	04-6105-606-	59,682.42	38,442.50	544,682.42	353,442.50
10	04/01/2005	General Obligation Bonds - Serit	78-7500-603-	4,250,000.00	4,250,000.00	78-7500-607-	3,349,194.20	3,349,194.20	7,599,194.20	7,599,194.20
12	09/01/2005	KADD Lease B - Equipment	04-6105-602-	495,000.00	445,000.00	04-6105-606-	106,295.42	89,185.00	601,295.42	534,185.00
8 Issues Listed				16,804,610.10	15,947,743.58		13,826,537.47	13,007,257.24	30,631,147.57	28,955,000.82



# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
01-5001-101-	JUDGE/EXECUTIVE SALARY	74,257.00		2,500.00	76,757.00	18,420.72	76,737.80	19.20
01-5001-103-	JUDGE/EXECUTIVE DEPUTY SALARY	40,000.00			40,000.00	9,230.76	39,999.96	.04
01-5001-104-	JUDGE/EXECUTIVE FINANCE OFFICER	20,800.00		1,100.00	21,900.00	5,062.50	21,890.00	10.00
01-5001-105-	JUDGE/EXECUTIVE ADMIN. ASSISTANT	16,640.00			16,640.00	3,840.00	14,248.00	2,392.00
01-5001-167-	JUDGE/EXECUTIVE CLERICAL	15,560.00		2,500.00	18,060.00	6,732.38	17,920.63	139.37
01-5001-179-	JUDGE/EXECUTIVE TEMP/PART-TIME CLERICAL	1,000.00			1,000.00			1,000.00
01-5001-212-	JUDGE/EXECUTIVE TRAINING	758.96		5,900.00	6,658.96		3,301.96	3,357.00
01-5001-318-	JUDGE/EXECUTIVE DATA PROCESSING			5,300.00	5,300.00	1,800.00	5,300.00	
01-5001-445-	JUDGE/EXECUTIVE OFFICE SUPPLIES	9,000.00		4,820.00	13,820.00	2,640.67	13,811.20	8.80
01-5001-499-	JUDGE/EXECUTIVE MISC. SUPPLIES	1,000.00		6,000.00	7,000.00	850.03	6,509.77	490.23
01-5001-563-	JUDGE/EXECUTIVE POSTAGE	500.00		650.00	1,150.00	344.79	1,145.58	4.42
01-5001-573-	JUDGE/EXECUTIVE TELEPHONE	10,000.00		5,300.00	15,300.00	3,854.28	15,225.65	74.35
01-5001-725-	JUDGE/EXECUTIVE OFFICE EQUIPMENT	5,000.00		1,000.00	6,000.00	5,960.83	5,960.83	39.17
01-5005-101-	COUNTY ATTORNEY SALARY	11,400.00			11,400.00	2,628.48	11,390.08	9.92
01-5005-165-	COUNTY ATTORNEY SECRETARY	24,240.00		2,500.00	26,740.00	6,073.86	26,720.06	19.94
01-5005-445-	COUNTY ATTORNEY OFFICE SUPPLIES	1,800.00		1,250.00	3,050.00	42.75	3,006.03	43.97
01-5005-573-	COUNTY ATTORNEY TELEPHONE	1,800.00		1,400.00	3,200.00	711.07	3,113.44	86.56
01-5010-302-	COUNTY CLERK ADVERTISING	250.00			250.00		84.00	166.00
01-5010-307-	COUNTY CLERK AUDIT	1,000.00			1,000.00			1,000.00
01-5010-364-	COUNTY CLERK RENT	6,000.00			6,000.00	1,500.00	6,000.00	
01-5010-368-	COUNTY CLERK TAX BILLS	8,000.00			8,000.00	623.00	3,905.10	4,094.90
01-5010-573-	COUNTY CLERK TELEPHONE	13,000.00		2,000.00	15,000.00	4,132.72	14,609.72	390.28
01-5010-578-	COUNTY CLERK UTILITIES	1,500.00		500.00	2,000.00	437.28	1,834.89	165.11
01-5010-705-	COUNTY CLERK COMPUTER EQUIPMENT	117,000.00			117,000.00		110,000.00	7,000.00
01-5015-101-	COUNTY SHERIFF	74,257.00		2,500.00	76,757.00	18,420.72	76,750.93	6.07
01-5015-103-	SHERIFF DEPUTY SALARIES	280,000.00		(10,000.00)	270,000.00	61,200.47	267,148.14	2,851.86
01-5015-103-FC	SHERIFF DEPUTY SALARIES - FC			35,000.00	35,000.00		26,164.40	8,835.60
01-5015-181-	SHERIFF DEPUTY INCENTIVE PAY	18,600.00		305.00	18,905.00	4,391.61	18,901.04	3.96

# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
01-5015-212-	SHERIFF-TRAINING	1,550.00		850.00	2,400.00		2,395.35	4.65
01-5015-302-	SHERIFF-ADVERTISING DELINQUENT TAXES	15,000.00		2,800.00	17,800.00		16,956.00	844.00
01-5015-307-	SHERIFF AUDIT FEE	605.00		29,250.00	29,855.00		16,853.34	13,001.66
01-5015-340-	SHERIFF VEHICLE MAINTENANCE	15,000.00			15,000.00	3,817.50	13,886.19	1,113.81
01-5015-399-	SHERIFF TRANSPORTATION OF INMATES	6,500.00		(2,000.00)	4,500.00	130.86	130.86	4,369.14
01-5015-445-	SHERIFF OFFICE MATERIALS AND SUPPLIES	8,000.00		2,500.00	10,500.00	2,948.24	10,396.69	103.31
01-5015-455-	SHERIFF PETROLEUM PRODUCTS	35,000.00		16,000.00	51,000.00	13,590.77	46,021.64	4,978.36
01-5015-481-	SHERIFF UNIFORMS	5,000.00			5,000.00	108.02	2,007.11	2,992.89
01-5015-499-	SHERIFF OTHER SUPPLIES AND MATERIALS	1,000.00		4,000.00	5,000.00	593.21	4,537.85	462.15
01-5015-531-	SHERIFF INSURANCE & BONDS	500.00			500.00			500.00
01-5015-551-	SHERIFF MEMBERSHIP DUES	500.00		5.00	505.00		504.16	.84
01-5015-563-	SHERIFF POSTAGE	7,500.00		700.00	8,200.00	30.00	8,170.00	30.00
01-5015-573-	SHERIFF TELEPHONE	11,000.00			11,000.00	1,236.26	6,407.42	4,592.58
01-5015-574-	SHERIFF DEPUTY TRAINING	1,500.00			1,500.00			1,500.00
01-5020-101-	CORONER SALARY	15,833.00			15,833.00	3,653.76	15,832.96	.04
01-5020-103-	CORONER DEPUTY SALARY	5,200.00			5,200.00	1,200.00	5,100.00	100.00
01-5020-308-	CORONER AUTOPSY TRIPS	2,500.00		6,500.00	9,000.00	1,880.00	8,134.00	866.00
01-5020-446-	CORONER SUPPLIES	500.00			500.00			500.00
01-5020-531-	CORONER DEPUTY BOND	200.00			200.00			200.00
01-5025-101-	FISCAL COURT MAGISTRATES SALARY	93,220.00		1.00	93,221.00	21,512.40	93,220.40	.60
01-5025-167-	FISCAL COURT CLERK SALARY	1,300.00			1,300.00	300.00	1,300.00	
01-5025-210-	FISCAL COURT EXPENSE ALLOWANCE	18,000.00			18,000.00	4,500.00	18,000.00	
01-5025-212-	FISCAL COURT MAGISTRATES' TRAINING	6,071.69		10,500.00	16,571.69		13,207.84	3,363.85
01-5025-302-	FISCAL COURT ADVERTISING	5,000.00		3,700.00	8,700.00	2,309.00	8,649.08	50.92
01-5025-332-	FISCAL COURT LEGAL FEES	20,000.00			20,000.00	250.00	500.00	19,500.00
01-5025-566-	FISCAL COURT REIMBURSEMENT			9,675.00	9,675.00		9,645.25	29.75
01-5030-302-	PVA ADVERTISING	100.00			100.00		100.00	
01-5030-367-	PVA STATUTORY CONTRIBUTION	35,801.00			35,801.00	17,500.00	35,300.00	501.00
01-5030-573-	PVA TELEPHONE	2,000.00		302.00	2,302.00	590.93	2,301.33	.67

# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
01-5035-191-	BOARD OF ASSESSMENT APPEALS	500.00		300.00	800.00		800.00	
01-5040-102-	TREASURER - SALARY	25,000.00		1.00	25,001.00	5,769.24	25,000.04	.96
01-5040-445-	TREASURER OFFICE SUPPLIES	1,000.00			1,000.00	329.19	795.35	204.65
01-5040-531-	TREASURER-BOND	3,750.00			3,750.00			3,750.00
01-5040-725-	TREASURER EQUIPMENT	2,500.00			2,500.00		1,516.48	983.52
01-5047-142-	OCCUPATIONAL TAX ADMINISTRATOR	23,000.00		1.00	23,001.00	5,307.72	23,000.12	.88
01-5047-318-	OCCUPATIONAL TAX DATA PROCESSING	1,500.00		300.00	1,800.00	1,500.00	1,710.36	89.64
01-5047-332-	OCCUPATIONAL TAX LEGAL FEES			1,150.00	1,150.00		1,130.06	19.94
01-5047-445-	OCCUPATIONAL TAX SUPPLIES	1,500.00			1,500.00		1,443.72	56.28
01-5047-503-	OCCUPATIONAL TAX BANK CHARGES	100.00			100.00			100.00
01-5047-563-	OCCUPATIONAL TAX POSTAGE	2,500.00			2,500.00	641.27	2,382.79	117.21
01-5047-567-	OCCUPATIONAL TAX REFUNDS	500.00		21,177.00	21,677.00		21,677.00	
01-5047-573-	OCCUPATIONAL TAX TELEPHONE	400.00			400.00			400.00
01-5047-576-	OCCUPATIONAL TAX TRAVEL	500.00			500.00	403.88	403.88	96.12
01-5047-725-	OCCUPATIONAL TAX OFFICE EQUIPMENT	1,500.00		1,850.00	3,350.00		3,291.02	58.98
01-5060-101-	LAW LIBRARY	1,200.00			1,200.00	50.00	500.00	700.00
01-5065-192-	ELECTION OFFICERS SALARIES/MILEAGE	16,300.00			16,300.00	14,572.65	14,572.65	1,727.35
01-5065-193-	ELECTION COMMISSIONERS SALARIES	2,000.00		2,000.00	4,000.00	2,000.00	4,000.00	
01-5065-302-	ELECTION ADVERTISING	6,600.00			6,600.00	3,740.00	3,740.00	2,860.00
01-5065-341-	ELECTION MAINTENANCE & REPAIR	8,000.00		10,620.00	18,620.00	18,590.82	18,590.82	29.18
01-5065-347-	ELECTIONS POLLING PLACES RENTAL	1,200.00		520.00	1,720.00			1,720.00
01-5065-399-	ELECTIONS DELIVERY OF VOTING MACHINES	500.00		305.00	805.00	803.45	803.45	1.55
01-5065-737-	HAVA COMPLIANT VOTING MACHINE PURCHASE	165,000.00			165,000.00	165,000.00	165,000.00	
01-5075-446-	ECONOMIC DEVELOPMENT	10,000.00		700.00	10,700.00		10,688.69	11.31
01-5080-175-	COURTHOUSE CUSTODIAL PERSONNEL	47,000.00		16,000.00	63,000.00	14,527.86	62,405.43	594.57
01-5080-177-	COURTHOUSE MAINT. & GROUNDS PERSONNEL	24,000.00		2,600.00	26,600.00	6,093.75	26,573.39	26.61
01-5080-336-	COURTHOUSE MAINTENANCE & REPAIR	40,000.00			40,000.00	7,215.97	19,597.34	20,402.66
01-5080-366-	COURTHOUSE GARBAGE COLLECTION	1,800.00			1,800.00	450.00	1,575.00	225.00
01-5080-406-	COURTHOUSE SUPPLIES	8,000.00		260.00	8,260.00	3,062.35	8,256.16	3.84

# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
01-5080-570-	COURTHOUSE RENEWAL & REPAIR	10,000.00			10,000.00	1,178.86	7,036.45	2,963.55
01-5080-578-	COURTHOUSE UTILITIES	30,000.00		16,400.00	46,400.00	11,604.55	46,342.63	57.37
01-5080-725-	COURTHOUSE EQUIPMENT	2,500.00			2,500.00			2,500.00
01-5135-107-	DES SALARY	17,000.00		1,005.00	18,005.00	4,153.86	18,000.06	4.94
01-5135-445-	DES OFFICE SUPPLIES	500.00		700.00	1,200.00		1,159.32	40.68
01-5135-455-	DES PETROLEUM PRODUCTS	2,000.00		2,400.00	4,400.00	1,245.08	3,855.94	544.06
01-5135-574-	DES TRAINING	1,500.00			1,500.00			1,500.00
01-5140-446-	EMS EQUIPMENT		10,000.00		10,000.00	10,000.00	10,000.00	
01-5150-513-	FOREST FIRE PROTECTION FUND	3,616.00			3,616.00		3,616.00	
01-5175-573-	PUBLIC ADVOCACY TELEPHONE	1,500.00			1,500.00	351.30	1,355.14	144.86
01-5175-903-	PUBLIC ADVOCACY	3,974.00		5,900.00	9,874.00		3,974.00	5,900.00
01-5205-102-	ANIMAL CONTROL DOG WARDEN	16,640.00			16,640.00	3,840.00	16,596.58	43.42
01-5205-340-	ANIMAL CONTROL VEHICLE MAINTENANCE	1,500.00		1,000.00	2,500.00	207.61	1,920.22	579.78
01-5205-398-	ANIMAL CONTROL CONTRACT SERVICES	15,000.00			15,000.00	3,750.00	15,000.00	
01-5205-446-	ANIMAL CONTROL SUPPLIES	3,000.00		1,070.00	4,070.00	1,260.91	4,069.96	.04
01-5205-455-	ANIMAL CONTROL PETROLEUM PRODUCTS	5,000.00		2,700.00	7,700.00	2,045.10	7,061.64	638.36
01-5205-573-	ANIMAL CONTROL TELEPHONE			700.00	700.00	133.57	148.75	551.25
01-5205-574-	ANIMAL CONTROL TRAINING	500.00			500.00			500.00
01-5205-723-	ANIMAL CONTROL VEHICLE			2,240.00	2,240.00		2,240.00	
01-5205-739-	ANIMAL CONTROL EQUIPMENT			3,400.00	3,400.00	3,400.00	3,400.00	
01-5212-107-	SOLID WASTE COORDINATOR	21,000.00			21,000.00	4,320.00	18,720.00	2,280.00
01-5212-167-	SOLID WASTE CLERK	14,000.00			14,000.00		10,518.75	3,481.25
01-5212-302-	SOLID WASTE ADVERTISING	100.00			100.00		20.00	80.00
01-5212-364-	SOLID WASTE RENTAL	4,400.00			4,400.00		1,200.00	3,200.00
01-5212-366-	SOLID WASTE GARBAGE COLLECTION			5,000.00	5,000.00	1,317.25	4,751.00	249.00
01-5212-445-	SOLID WASTE SUPPLIES & MATERIALS	6,500.00			6,500.00	1,835.47	6,467.45	32.55
01-5212-455-	SOLID WASTE PETROLEUM PRODUCTS	12,500.00		6,600.00	19,100.00	4,065.42	17,723.81	1,376.19
01-5212-499-	SOLID WASTE OTHER SUPPLIES			2,000.00	2,000.00		1,363.85	636.15
01-5212-569-	SOLID WASTE CONFERENCES, TRAINING	300.00		605.00	905.00	188.58	904.15	.85

# Knox County Fiscal Court Appropriation Condition Report

As Of: 06/30/2006

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SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
01-5212-573-	SOLID WASTE TELEPHONE	1,500.00		1,000.00	2,500.00	395.03	2,142.25	357.75
01-5212-578-	SOLID WASTE UTILITIES	2,500.00			2,500.00		1,133.34	1,366.66
01-5212-592-	SOLID WASTE VEHICLE MAINT. & REPAIR	4,500.00		2,000.00	6,500.00	358.20	5,823.63	676.37
01-5212-725-	SOLID WASTE EQUIPMENT	1,500.00			1,500.00	235.00	419.00	1,081.00
01-5230-548-	HOSPITAL SPECIAL PROJECT							
01-5233-507-	MENTAL HEALTH & RETARDATION	5,880.00			5,880.00	5,880.00	5,880.00	
01-5305-507-	SENIOR CITIZEN PROGRAM	10,000.00			10,000.00			10,000.00
01-5401-398-	KAY JAY CONTRACT SERVICES	2,400.00		2,800.00	5,200.00	1,477.00	5,075.00	125.00
01-5401-467-	KAY JAY MATERIALS & SUPPLIES	500.00		3,725.00	4,225.00	3,791.08	4,222.02	2.98
01-5401-578-	KAY JAY UTILITIES	200.00		315.00	515.00	132.73	513.85	1.15
01-5425-425-	CELEBRATIONS & FESTIVALS, FOOD			950.00	950.00	950.00	950.00	
01-7100-601-	PRINCIPAL ON GENERAL OBLIGATION BONDS							
01-7100-605-	INTEREST ON GENERAL OBLIGATION BOND	550,000.00		(60,000.00)	490,000.00			490,000.00
01-9100-307-	STATE AUDITING SERVICES	25,000.00			25,000.00			25,000.00
01-9100-521-	INSURANCE	90,000.00		218,400.00	308,400.00	218,134.15	308,130.15	269.85
01-9100-531-	INSURANCE - BONDS			725.00	725.00	259.84	738.92	(13.92)
01-9100-551-	MEMBERSHIPS	10,000.00		12,300.00	22,300.00	22,041.06	22,241.06	58.94
01-9100-569-	REGISTRATION, CONFERENCES & TRAINING	10,000.00		13,600.00	23,600.00	6,042.67	23,536.59	63.41
01-9200-999-	RESERVE FOR TRANSFERS	141,533.00	484,308.05	(625,537.00)	304.05			304.05
01-9300-999-	TRANSFER OF APPROPRIATIONS			(200,000.00)	(200,000.00)			(200,000.00)
01-9400-201-	SOCIAL SECURITY, CO. MATCH	80,000.00			80,000.00	15,186.69	68,395.62	11,604.38
01-9400-202-	RETIREMENT, CO. MATCH	142,000.00			142,000.00	22,296.49	105,282.46	36,717.54
01-9400-205-	EMPLOYEE HEALTH INSURANCE	276,000.00		25,000.00	301,000.00	52,308.37	274,910.82	26,089.18
01-9400-208-	UNEMPLOYMENT COMPENSATION INSURANCE	25,380.00			25,380.00	20,984.46	20,984.46	4,395.54
01-9400-209-	WORKMEN'S COMPENSATION	54,250.00		139,200.00	193,450.00	118,158.48	191,532.48	1,917.52
01-9400-599-	FRINGE BENEFIT MISCELLANEOUS			710.00	710.00		707.15	2.85
	TOTAL GENERAL FUND	3,069,766.65	494,308.05	-200,000.00	3,364,074.70	1,028,636.83	2,800,754.93	563,319.77
02-5065-192-	ELECTION OFFICERS SALARIES/MILEAGE			1,701.00	1,701.00	1,700.15	1,700.15	.85

# Knox County Fiscal Court

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SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
02-5065-347-	POLLING PLACE RENTAL			1,200.00	1,200.00	1,200.00	1,200.00	
02-6103-102-	ROAD SUPERVISOR SALARY	25,000.00		200.00	25,200.00	7,690.84	25,168.32	31.68
02-6103-551-	ROAD SUPERVISOR MEMBERSHIP	250.00			250.00			250.00
02-6105-143-	ROAD WORKERS SALARIES	385,000.00		(10,000.00)	375,000.00	83,678.70	360,723.70	14,276.30
02-6105-167-	ROAD DEPT. CLERICAL	14,560.00		(14,560.00)				
02-6105-302-	ROAD PRINTING & ADVERTISING	5,000.00		(5,000.00)				
02-6105-311-	ROAD MAINTENANCE CONTRACTED CONST. RO	503,204.97	225,710.84	(50,000.00)	678,915.81		677,732.88	1,182.93
02-6105-312-	CONTRACTED CONSTRUCTION-BRIDGES	503,000.00		(245,350.00)	257,650.00		163,832.40	93,817.60
02-6105-327-	FEMA FISCAL AGENT(S)							
02-6105-348-	LITTER ABATEMENT SUPPORT	22,000.00	50,220.36		72,220.36	17,369.50	62,311.53	9,908.83
02-6105-366-	GARBAGE SERVICE	1,800.00			1,800.00	450.00	1,615.00	185.00
02-6105-373-	CONTRACT LABOR	10,000.00		169,220.00	179,220.00	47,965.00	171,960.00	7,260.00
02-6105-398-2	ROAD CONTRACT SERVICES/ FEMA			400.00	400.00		400.00	
02-6105-441-	NEW MACHINERY AND EQUIPMENT	50,000.00		51,100.00	101,100.00		101,050.52	49.48
02-6105-443-	MOTOR VEHICLE REPAIR PARTS	60,000.00	17,846.97	39,900.00	117,746.97	22,784.29	117,741.98	4.99
02-6105-445-	OFFICE SUPPLIES	3,000.00		(740.00)	2,260.00	604.61	2,025.47	234.53
02-6105-447-	ROAD MATERIALS	442,183.25	15,985.00	59,772.82	517,941.07	170,346.28	514,892.76	3,048.31
02-6105-447-2	ROAD MATERIALS-FEMA2							
02-6105-447-3	ROAD MATERIALS-FEMA3							
02-6105-455-	PETROLEUM PRODUCTS	42,000.00	16,000.00	51,045.02	109,045.02	23,838.15	104,251.88	4,793.14
02-6105-499-	MISC. MATERIALS & SUPPLIES	15,000.00		2,085.00	17,085.00	3,025.77	17,063.70	21.30
02-6105-503-	BANK CHARGES	25.00			25.00	4.05	23.35	1.65
02-6105-513-	NATIONAL FOREST			55.00	55.00		54.90	.10
02-6105-573-	ROAD TELEPHONE	2,300.00		301.00	2,601.00	769.23	2,600.56	.44
02-6105-578-	UTILITIES	2,500.00		500.00	3,000.00	693.82	2,958.14	41.86
02-6105-713-	ROAD EQUIPMENT		487,575.00	(50,000.00)	437,575.00	53,919.68	339,787.65	97,787.35
02-7700-602-	PRINCIPAL ON LEASE							
02-7700-606-	INTEREST ON LEASE							
02-9100-307-	AUDIT	5,000.00		(5,000.00)				

# Knox County Fiscal Court Appropriation Condition Report

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02-9100-521-	INSURANCE	50,000.00			50,000.00		50,000.00	
02-9200-999-	RESERVE FOR TRANSFERS		54,028.24	(54,028.24)				
02-9400-201-	SOCIAL SECURITY COUNTY MATCH	23,103.00		9,560.00	32,663.00	7,898.07	32,662.40	.60
02-9400-202-	RETIREMENT, COUNTY MATCH	29,000.00		14,460.00	43,460.00	11,939.60	43,459.25	.75
02-9400-205-	EMPLOYEE HEALTH INSURANCE	70,000.00		31,153.00	101,153.00	47,961.06	101,076.86	76.14
02-9400-208-	UNEMPLOYMENT	5,640.00		7,360.00	13,000.00	12,960.99	12,960.99	39.01
02-9400-209-	WORKERS' COMPENSATION	24,648.75		(360.00)	24,288.75		24,288.00	.75
	<b>TOTAL ROAD FUND</b>	<b>2,294,214.97</b>	<b>867,366.41</b>	<b>4,974.60</b>	<b>3,166,555.98</b>	<b>516,799.79</b>	<b>2,933,542.39</b>	<b>233,013.59</b>
03-5101-101-	JAILERS SALARY	54,645.37			54,645.37	12,126.42	52,547.82	2,097.55
03-5101-103-	JAIL PERSONNEL SALARIES	105,000.00		75,792.00	180,792.00	37,788.32	179,305.33	1,486.67
03-5101-212-	JAILER TRAINING FRINGE BENEFIT	804.17		800.00	1,604.17		1,596.90	7.27
03-5101-314-	CONTRACTS WITH OTHER COUNTIES	900,000.00		5,200.00	905,200.00	229,082.66	905,166.98	33.02
03-5101-334-	BUILDING REPAIR	50,000.00		(49,000.00)	1,000.00		780.11	219.89
03-5101-336-	EQUIPMENT REPAIR	2,000.00		(800.00)	1,200.00		324.27	875.73
03-5101-346-	PEST CONTROL	300.00			300.00	135.00	270.00	30.00
03-5101-366-	GARBAGE SERVICE	1,700.00			1,700.00	405.00	1,620.00	80.00
03-5101-425-	FOOD	5,000.00		15,000.00	20,000.00	7,184.06	18,904.55	1,095.45
03-5101-445-	OFFICE SUPPLIES	2,500.00			2,500.00	121.58	1,612.44	887.56
03-5101-455-	PETROLEUM PRODUCTS	15,000.00		5,000.00	20,000.00	4,079.72	18,864.56	1,135.44
03-5101-481-	STAFF UNIFORMS	2,000.00			2,000.00		1,848.42	151.58
03-5101-499-	OTHER MATERIALS AND SUPPLIES	1,000.00		2,325.00	3,325.00	1,037.29	3,304.80	20.20
03-5101-549-	ROUTINE MEDICAL	70,500.00		36,000.00	106,500.00	50,952.18	88,357.04	18,142.96
03-5101-573-	TELEPHONE	2,680.00		800.00	3,480.00	1,345.59	3,176.62	303.38
03-5101-578-	UTILITIES	10,000.00		5,000.00	15,000.00	2,735.71	14,649.48	350.52
03-5101-592-	MOTOR VEHICLE REPAIR	2,500.00		800.00	3,300.00	659.02	3,121.36	178.64
03-5101-723-	VEHICLES			22,025.00	22,025.00	21,979.00	21,979.00	46.00
03-5102-314-	CONTRACTS WITH OTHER CO - JUVENILES	25,000.00		47,000.00	72,000.00	25,115.50	67,841.50	4,158.50
03-7700-602-	PRINCIPAL ON LEASE	20,630.70			20,630.70		20,630.70	

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SECTION IV

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03-7700-606-	INTEREST ON LEASE	16,864.07			16,864.07		16,864.07	
03-9100-332-	LEGAL FEES	3,000.00		(3,000.00)				
03-9100-521-	INSURANCE	22,500.00		1,000.00	23,500.00	1,000.00	23,500.00	
03-9100-551-	MEMBERSHIP DUES	250.00			250.00			250.00
03-9100-569-	STAFF TRAINING	500.00			500.00			500.00
03-9200-999-	RESERVE FOR TRANSFERS		28,792.00	26,558.00	55,350.00			55,350.00
03-9400-201-	SOCIAL SECURITY, COUNTY SHARE	12,300.00		5,000.00	17,300.00	3,544.83	16,981.53	318.47
03-9400-202-	RETIREMENT, COUNTY SHARE	17,000.00		4,500.00	21,500.00	5,015.88	20,878.93	621.07
03-9400-205-	EMPLOYEE INSURANCE-HEALTH	36,500.00			36,500.00	7,890.93	31,920.86	4,579.14
03-9400-208-	UNEMPLOYMENT INSURANCE	6,345.00			6,345.00	4,320.26	4,320.26	2,024.74
03-9400-209-	WORKERS COMPENSATION	14,875.00			14,875.00		14,875.00	
	<b>TOTAL JAIL FUND</b>	<b>1,401,394.31</b>	<b>28,792.00</b>	<b>200,000.00</b>	<b>1,630,186.31</b>	<b>416,518.95</b>	<b>1,535,242.53</b>	<b>94,943.78</b>
04-5010-705-001	KNOX CO. CLERK-DATA PROCESSING EQUIP.	20,000.00			20,000.00		20,000.00	
04-5105-717-002	KNOX CO. SHERIFF-VEHICLES & EQUIPMENT	50,000.00			50,000.00		50,000.00	
04-5140-348-006	KNOX COUNTY AMBULANCE/NEW AMBULANCE	30,000.00			30,000.00		30,000.00	
04-5220-579-	WATER PROJECTS			13,000.00	13,000.00		10,105.00	2,895.00
04-5220-743-008	LGEDF ROAD FORK WATER TANK PROJECT	270,000.00			270,000.00			270,000.00
04-5340-348-003	KNOX CO. FIRE DEPTS-PROGRAM SUPPORT	160,000.00			160,000.00		160,000.00	
04-5340-348-005	KCEOC/IRENE CHEEK EMERGENCY FUND	5,000.00			5,000.00		5,000.00	
04-5410-348-004	KNOX COUNTY LIBRARY/EQUIPMENT	5,000.00			5,000.00		5,000.00	
04-6105-602-	PRINCIPAL ON ROAD EQUIPMENT LEASES	196,673.00		47,000.00	243,673.00	57,384.90	243,654.62	18.38
04-6105-606-	INTEREST ON ROAD EQUIPMENT LEASES	23,675.23		24,600.00	48,275.23	18,239.32	48,265.06	10.17
04-6105-713-	ROAD EQUIPMENT			185,200.00	185,200.00	185,200.00	185,200.00	
04-8001-742-007	KNOX PARTNERS-EDC PROJCT	2,000,000.00			2,000,000.00			2,000,000.00
04-9200-999-	RESERVE FOR TRANSFERS		357,432.17	(269,800.00)	87,632.17			87,632.17
	<b>TOTAL L.G.E.A. FUND</b>	<b>2,760,348.23</b>	<b>357,432.17</b>	<b>(269,800.00)</b>	<b>3,117,780.40</b>	<b>260,824.22</b>	<b>757,224.68</b>	<b>2,360,555.72</b>
13-9200-999-	RESERVE FOR TRANSFERS	10,600.00			12,240.00			12,240.00



# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
13-9300-999-	TRANSFER OF APPROPRIATIONS			(4,974.60)	(4,974.60)			(4,974.60)
	TOTAL STINK CRK FUND	10,600.00	1,640.00	-4,974.60	7,265.40			7,265.40
23-5047-445-	OFFICE SUPPLIES			100.00	100.00	25.50	51.00	49.00
23-5047-503-	BANK CHARGES	50.00			50.00			50.00
23-5047-567-	REFUNDS	5,000.00		11,974.00	16,974.00	9,822.99	16,952.37	21.63
23-5047-902-	PAYMENTS TO GOVERNMENT AGENCIES	701,412.50		78,000.00	779,412.50	230,908.37	778,760.27	652.23
23-9200-999-	RESERVE FOR TRANSFERS	44,950.00	232,717.12	(90,074.00)	187,593.12			187,593.12
	TOTAL OCC. LIC. FUND	751,412.50	232,717.12		984,129.62	240,756.86	795,763.64	188,365.98
75-5145-107-	911 DIRECTOR	30,500.00			30,500.00	5,307.72	23,000.12	7,499.88
75-5145-131-	911 DATABASE TECHNICIAN	20,800.00		2,200.00	23,000.00	5,280.00	22,880.00	120.00
75-5145-167-	911 CLERICAL	14,560.00		7,800.00	22,360.00	5,068.00	22,144.00	216.00
75-5145-340-	911 VEHICLE MAINTENANCE	1,500.00		500.00	2,000.00		862.99	1,137.01
75-5145-398-	911 CONTRACT SERVICES	120,000.00			120,000.00	3,533.00	11,948.00	108,052.00
75-5145-446-	911 FUNCTION SPECIFIC EQUIPMENT	5,000.00			5,000.00			5,000.00
75-5145-456-	911 PETROLEUM PRODUCTS	1,700.00			1,700.00	276.24	1,063.32	636.68
75-5145-499-	911 OTHER SUPPLIES			8,200.00	8,200.00	1,980.56	8,126.00	74.00
75-5145-573-	911 TELEPHONE / CELL PHONE	71,500.00		44,000.00	115,500.00	26,954.93	115,400.32	99.68
75-5145-578-	911 UTILITIES	540.00			540.00	73.24	441.18	98.82
75-5145-588-	911 EQUIPMENT MAINTENANCE	10,000.00			10,000.00	900.00	4,655.50	5,344.50
75-5145-725-	911 EQUIPMENT	60,000.00			60,000.00		15,585.67	44,414.33
75-9100-521-	INSURANCE	4,715.00			4,715.00		4,715.00	
75-9100-569-	911 CONFERENCE/REGISTRATIONS	1,000.00			1,000.00			1,000.00
75-9200-999-	RESERVE FOR TRANSFERS	72,233.00	22,070.00	(64,700.00)	29,603.00			29,603.00
75-9400-201-	MATCHING SOCIAL SECURITY	5,900.00			5,900.00	1,144.48	4,976.09	923.91
75-9400-202-	MATCHING RETIREMENT	6,552.00			6,552.00	1,525.28	6,364.26	187.74
75-9400-205-	EMPLOYEE HEALTH INSURANCE	18,000.00			18,000.00	1,194.12	4,776.48	13,223.52
75-9400-208-	UNEMPLOYMENT INSURANCE	500.00		2,000.00	2,500.00	2,468.72	2,468.72	31.28

# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
75-9400-209-	911-WORKER COMPENSATION	2,000.00			2,000.00		2,000.00	
	TOTAL 911 FUND FUND	447,000.00	22,070.00		469,070.00	55,706.29	251,407.65	217,662.35
76-5145-725-	WIRELESS 911	45,250.00			45,250.00		34,573.70	10,676.30
76-9200-999-	RESERVE FOR TRANSFERS		4,923.00		4,923.00			4,923.00
	TOTAL HAR/KNOX FUND	45,250.00	4,923.00		50,173.00		34,573.70	15,599.30
77-5075-730-	ROAD PROJECTS							
77-5136-548-	HOMELAND SECURITY - CCP PROGRAM		919.57	1,505.00	2,424.57		2,422.78	1.79
77-5136-566-	HOMELAND SECURITY - REIMBURSEMENT			266,020.00	266,020.00		266,019.91	.09
77-5136-703-004	HOMELAND SECURITY - REPEATER SYSTEM		10,000.00		10,000.00		10,000.00	
77-5136-703-005	HOMELAND SECURITY-COMMUNICATIONS EQ.	558,079.00		(267,525.00)	290,554.00			290,554.00
77-5212-398-002	CONTRACTED SERVICES/COMMUNITY CLEAN-U	50,000.00	78,900.00	4,714.00	133,614.00		133,900.00	(286.00)
77-5225-313-	SANITARY SEWER EXTENSION - IND. PARK							
77-5225-313-003	SANITARY SEWER EXTENSION-MOORE HILL	394,429.00			394,429.00			394,429.00
77-5225-313-004	SANITARY SEWER-BIMBLE	882,075.00			882,075.00	74,827.49	663,351.77	218,723.23
77-5230-548-	KNOX CO. HOSPITAL TRANSFER		237,249.95		237,249.95		237,249.95	
77-9200-999-	RESERVE FOR TRANSFERS		4,714.00	(4,714.00)				
	TOTAL FED FUNDS FUND	1,884,583.00	331,783.52		2,216,366.52	74,827.49	1,312,944.41	903,422.11
78-5230-309-	HOSPITAL CONSULTING SERVICES			13,000.00	13,000.00	1,000.00	13,000.00	
78-5230-332-	HOSPITAL LEGAL FEES			21,000.00	21,000.00	2,709.60	19,229.25	1,770.75
78-5230-739-	HOSPITAL EQUIPMENT			72,500.00	72,500.00		72,500.00	
78-5230-742-	OLD HOSPITAL BUILDING & PROPERTY			300,000.00	300,000.00		300,000.00	
78-7100-601-	PRINCIPAL ON BONDS	108,000.00		55,000.00	163,000.00	163,000.00	163,000.00	
78-7100-605-	INTEREST ON BONDS	34,748.00		370,000.00	404,748.00	286,679.75	390,303.50	14,444.50
78-9100-521-	INSURANCE			1,614.00	1,614.00	1,614.00	1,614.00	
78-9200-999-	HOSPITAL CONTINGENT APPROPRIATIONS	1,688,934.80	(323,271.00)	(833,114.00)	532,549.80			532,549.80
	TOTAL HOSPITAL FUND	1,831,682.80	-323,271.00		1,508,411.80	455,003.35	959,646.75	548,765.05

# Knox County Fiscal Court

## Appropriation Condition Report

As Of: 06/30/2006

Period From: 04/01/2006 To: 06/30/2006

SECTION IV

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims For Period	Claims Since July	Free Balance
79-5075-548-	PAYMENTS TO GOVERNMENT AGENCIES	100,000.00		61,589.00	161,589.00		117,072.71	44,516.29
79-9200-999-	CONTINGENT APPROPRIATIONS	75,400.00	(13,811.00)	(61,589.00)				
	TOTAL SEKRBP FUND	175,400.00	-13,811.00		161,589.00		117,072.71	44,516.29
	GRAND TOTAL ALL FUNDS	14,671,652.46	2,003,950.27	0.00	16,675,602.73	3,049,073.78	11,498,173.39	5,177,429.34

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**KNOX COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



**KNOX COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Fiscal Year Ended June 30, 2006**

<u>Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA No.</u> <div style="border: 1px solid black; padding: 2px; display: inline-block;"><i>Cluster</i></div>	<u>Expenditures</u>	<u>Total By CFDA #</u>
<b><u>U.S. Department of Commerce</u></b>				
<i>Administered by NOAA</i>				
Congressionally Identified Awards & Projects	WW03-05	11.469	660,328	
Congressionally Identified Awards & Projects	SG04-05	11.469	83,900	
Congressionally Identified Awards & Projects	CF04-21	11.469	45,000	789,228 ***
<b><u>U.S. Election Assistance Commission</u></b>				
<i>Passed through Ky State Board of Elections:</i>				
Help America Vote Act Requirement Payments	n/a	90.401	147,250	147,250 ***
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed Through KY Office of Homeland Security:</i>				
State Domestic Preparedness Support Program	M-04607120	97.004	919	
State Domestic Preparedness Support Program	M-04647883	97.004	2,423	
State Domestic Preparedness Support Program	M-05334449	97.004	<u>10,000</u>	13,342
Emergency Management Performance Grant	M-05029993	97.042	<u>6,381</u>	6,381
Homeland Security Grant Program	M-05323602	97.067	<u>266,020</u>	<u>266,020</u> ***
Total U.S. Department of Homeland Security				<u>285,743</u>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b><u><u>\$ 1,222,221</u></u></b>

*Tested as Major Program or Cluster \*\*\**

**KNOX COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2006**

Note 1 - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Knox County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



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**Facsimile (502) 499-9132**  
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The Honorable Raymond Smith, Knox County Judge/Executive  
Members of the Knox County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We were engaged to audit the financial activity of the Fourth Quarterly Report of Knox County, Kentucky, as of and for the year ended June 30, 2006, and have issued our report thereon dated May 26, 2008, wherein, we issued a disclaimer of opinion because based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Knox County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Fourth Quarterly Report and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Knox County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items: 2006-01, 2006-02, 2006-03, 2006-04, 2006-06, 2006-07, 2006-08, 2006-09, 2006-11, 2006-12, 2006-13, 2006-15, 2006-17, 2006-19, and 2006-20.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider all of the reportable conditions described above to be material weaknesses.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Knox County's Fourth Quarterly Report is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items: 2006-05, 2006-08, 2006-10, 2006-14, 2006-16, 2006-18, 2006-21, 2006-22, 2006-23, and 2006-24.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ross & Company", written in a cursive style.

Ross & Company, PLLC  
Certified Public Accounts

May 26, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



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The Honorable J. M. Hall, Knox County Judge/Executive  
The Honorable Raymond Smith, Former Knox County Judge/Executive  
Members of the Knox County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Knox County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Knox County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Knox County's management. Our responsibility is to express an opinion on Knox County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Knox County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Knox County's compliance with those requirements.

In our opinion, Knox County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Knox County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Knox County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

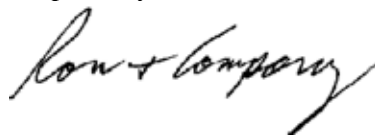
Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company", written in dark ink.

Ross & Company, PLLC  
Certified Public Accountants

May 26, 2008



**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2006**



**KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Fiscal Year Ended June 30, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a disclaimer of opinion on the financial activity of Knox County, Kentucky.
2. Fifteen (15) reportable conditions, all of which are considered material weaknesses, relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. Ten (10) instances of noncompliance material to the financial statements of Knox County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Knox County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Knox County reported in Part C. of this schedule.
7. The programs tested as major programs were: Congressionally Identified Awards & Projects (#11.469), Help America Vote Act Requirement Payments (#90.401), Homeland Security Grant Program (#97.067).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Knox County was not determined to be a low-risk auditee.

**B. FINANCIAL STATEMENT FINDINGS**

**2006-01 The County Should Improve Their Internal Control Procedures**

The County has a lack of segregation of duties. Due to the entity's diversity of official operations, small size, and budget restrictions the County has limited options for establishing an adequate segregation of duties. We recommend the following procedures be implemented to strengthen the internal control weaknesses:

- An independent person should list all receipts and agree them back to the treasurer's receipts ledger. Also, the employee opening the mail should keep a listing of all checks received for that day, detailing the date received, the check amount, whom it is from, and what the check is for.
- An independent person should open bank statements and review them for unusual items, such as debit memos, and overdraft charges. The person by initialing the bank statement can document this.
- An independent person should review the treasurer's bank reconciliations for accuracy. The person completing this review should initial the bank reconciliation to document that a review was performed.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The employee who signs the checks should also cancel the purchase orders and invoices to ensure invoices are not paid twice.
- To have better internal controls, it is considered a best practice to keep the receipt of cash, the disbursement of cash, and the posting of cash to the ledgers delegated to separate individuals.
- Also, the County should implement stronger internal controls over the computer system. All transactions should be backed up daily on a disk and should be secured off-site.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-01 The County Should Improve Their Internal Control Procedures (Continued)**

We recommend the County implement these procedures. This will help segregate the duties of the County Treasurer as well as other employees.

*County Judge/Executive J.M. Hall's Response: All responses of reference #2006-01-2006-24 are prior administration's policies and/or acts. We agree that segregation of duties, if available should be implemented.*

**2006-02 The County's Security and Controls Over The Accounting Software Are Inadequate**

Through observation and inquiry, we noted that several deficiencies appear to exist with regards to the Fiscal Court's accounting software. The software is installed on the following computers: the Finance Officer, Deputy Judge/Executive, Judge, and the Treasurer. User restrictions are not in place leaving the accounting and financial data prone to manipulation. Everyone in the office knows the password and can access the software. Auditors observed instances of employees leaving their desk or office with their computer unattended. The accounting applications were often open and vulnerable for unauthorized access. In addition, the payroll software does not have adequate restrictions and controls. The payroll software allows any user to add or delete vacation, sick, and holiday hours that have accrued to an employee. We believe this is a significant deficiency that could result in employees receiving additional pay that has not been earned.

We recommend that the Fiscal Court contact their systems administrator or software manufacturer. Specifically, the accounting and payroll software should be reviewed and the following controls implemented:

- Identify authorized users and define their access to relevant information.
- Establish physical and logical controls to prevent or detect unauthorized access.
- Limit access to the accounting and payroll software based on job responsibilities and document user authorizations.
- Passwords should be changed periodically and employees should not share their password with others.
- Establish adequate physical controls to ensure that access to computer workstations are restricted to authorized personnel. For example, employees should log off when leaving their office or desk.
- Establish appropriate procedures for back-up and storage of applications and data files.
- The Treasurer and Finance Officer should be the only individuals who have access privileges to the accounting and payroll software. All other employees or officials should have restricted "read-only" access.

*County Judge/Executive J.M. Hall's Response: We agree that controls of the software should be implemented.*

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-03 The County Should Have Better Control Over Voided Checks**

During the review of invoices auditor noted that several voided checks with signatures were included in the files. We recommend that the County adopt a policy to have better control over voided checks by detaching the signatures before filing in order to prevent misuse.

*County Judge/Executive J.M. Hall's Response: We agree that detaching signatures should be a policy.*

**2006-04 The County Should Maintain Proper Records For The Public Properties Corporation Fund**

The County should maintain proper records for the Public Properties Corporation – Debt Service Fund (PPC). Since the Fiscal Court is financially accountable and legally obligated for the debt of the PPC, it is reported as a blended component unit of the Fiscal Court. The County should receive the bank statements for the PPC, maintain a receipts and disbursements ledger, and prepare a financial statement. We recommend the County maintain proper records for the PPC in the future.

*County Judge/Executive J.M. Hall's Response: We agree that proper records for the PPC should be implemented.*

**2006-05 The County Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral**

On August 31, 2005 and June 30, 2006, \$63,960 and \$976,482, respectively of the County's deposits of public funds were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Fiscal Court should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

*County Judge/Executive J.M. Hall's Response: All depository institutions should pledge collateral in that amount sufficient to secure deposits*

**2006-06 The Jail Canteen Account Should Be Closed**

During review of the jail canteen fund, auditor noted a balance of \$21,547 in the jail canteen bank account. Since the jail is not in operation as a full service jail, and the canteen funds are restricted to expenditures for the recreation or benefit of inmates, we recommend the Knox County Attorney consult with the Department of Corrections to determine proper disbursement of the funds.

*County Judge/Executive J.M. Hall's Response: The canteen fund has been officially closed per DOC regulations.*

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-07 The Former Administration Transferred \$411,604 Of Funds Prior To Fiscal Court Approval**

The County made the following transfers between funds without prior Fiscal Court approval:

- November 18, 2005 transfer from the Occupational License Fund to the General Fund for \$204,127 - not approved until November 22, 2005
- February 24, 2006 transfer from the Occupational License Fund to the General Fund for \$207,577 - not approved until February 28, 2006

We recommend that all transfers between funds have prior Fiscal Court approval.

*County Judge/Executive J.M. Hall's Response: We agree that all transfers between funds should have prior Fiscal Court approval.*

**2006-08 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Over \$2,000,000 Of Expenditures That Failed Testing Procedures**

During our testing of expenditures, we found that some invoices were absent or did not provide adequate documentation to support the expenditure. There were other instances where invoices were not paid timely. Auditors selected 121 invoices for testing totaling \$2,758,218. Our testing resulted in 110 deviations of the attributes tested. A summary of our findings follows:

- Inadequate or missing supporting documentation
  - Auditors noted nineteen (19) expenditures out of 121 tested that did not have adequate supporting documentation. Of the nineteen (19) expenditures, ten (10) invoices totaling \$21,536 could not be located. The remaining nine (9) invoices totaling \$441,845 provided to auditors were not original and were either a faxed or copied invoice. Since we did not have original or adequate documentation we could not attest to the legitimacy of all items tested.
  - In addition, thirty-three (33) Road Fund invoices that were selected for testing totaling \$965,396 were improperly itemized. The invoices selected did not include the description of work performed, location, and/or the amount of hours and rate per hour.
- Late payment of expenditures
  - Of the 121 invoices selected for testing, fourteen (14) invoices totaling \$683,712 were not paid within thirty (30) days. Auditors noted one (1) invoice for asphalt totaling \$6,182 was paid after being late three (3) years.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-08 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Over \$2,000,000 Of Expenditures That Failed Testing Procedures**  
**(Continued)**

- Lack of proper accounting practices
  - With the exception of the Road Fund, imaged copies of the backs of checks were not maintained with bank statements including those statements for accounts containing federal funds.
  - The claims list was not included with the official Fiscal Court minutes. Therefore, auditors could not independently verify whether expenditures selected for testing were approved by the Fiscal Court.
  - Purchase orders were not issued in accordance with established guidelines. Twenty-nine (29) invoices totaling \$321,052 did not have a purchase order attached to the invoice. Important information was often excluded from purchase orders such as product descriptions, quantities, prices, totals, and appropriation codes. In addition, fifteen (15) purchase orders totaling \$773,350 were processed without proper approval signatures.
  - Due to the condition of the records and the Fiscal Court minutes, auditors could not appropriately verify bidding requirements for expenditures over \$20,000.

Good internal controls dictate that adequate supporting documentation be maintained for all receipts and disbursements. The “Uniform System of Accounts” as stipulated by the Department for Local Government (DLG) requires counties to maintain adequate supporting documentation for all county expenditures. Copies of invoices and faxed invoices are unacceptable. All original invoices should agree to corresponding purchase orders. Expenditures for asphalt should be supported by weight tickets since they document that the product was received for county operations and itemizes the day, location, the receiver, and quantity of asphalt received. In an effort to strengthen internal controls over disbursements, we recommend that the County maintain weight tickets for all asphalt expenditures. Furthermore, the County employees should sign weight tickets as evidence that the product was actually received and used for county operations.

KRS 65.140 requires any purchaser that receives goods or services to pay for those goods and services within thirty (30) working days of receipt of a vendor’s invoice. The County’s “Administrative Code” requires the Fiscal Court to select the lowest or best bidder after advertised for bid in accordance with KRS 424.260. We recommend that the County comply with these requirements by maintaining supporting documentation for all expenditures, paying invoices timely, and bidding for expenditures in excess of \$20,000, in the future.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-08    The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Over \$2,000,000 Of Expenditures That Failed Testing Procedures**  
**(Continued)**

Proper accounting procedures and internal control policies should be in place. Bank statements with imaged copies of both front and backsides of checks should be maintained. All expenditures should be reviewed and approved by the Fiscal Court prior to payment. Also, disbursements should be made as soon as practical after the Fiscal Court approves the expenditures. All invoices should be cancelled upon payment. Purchasing procedures should be in accordance with DLG requirements, specifically, purchase orders must include the appropriation account number to which the claim will be posted and proper approval by management or the department head. Vendor names, departments, product descriptions, quantities, and prices should be on each purchase order issued in order for the purchasing procedures to be effective. Sound management and a good internal control structure are essential for the achievement of full oversight and accountability.

Lack of proper accounting practices and internal controls increases the risk that misstatements of financial activity and/or fraud will occur and go undetected by the County. Without proper procedures in place to mitigate the risk, the County is exposing public resources to potential misstatements and/or fraud.

*County Judge/Executive J.M. Hall's Response: Sound management and good internal control structure are essential for the achievement of full oversight and accountability, and should be implemented.*

**2006-09    The County Should Take Possession Of Assets That Were Purchased Within A Reasonable Time Period**

During testing of expenditures, we discovered that the Former Judge/Executive ordered office furniture in July 2005 that included a desk and hutch in the total amount of \$4,144. Upon further investigation, we determined that the expenditure did not have supporting documentation such as a receipt, purchase order, etc. We discovered that the furniture was picked up on February 19, 2007. Upon further inquiry it was determined that the furniture was not delivered to the County, and auditors could not determine where the furniture is currently located.

We recommend that the County take possession of assets within a reasonable period of time upon procurement. We further recommend that the current administration report this to the proper authorities.

*County Judge/Executive J.M. Hall's Response: Proper authorities are aware of this transaction.*



**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-10 The County Owes Approximately \$728,000 In Past Due Inmate Medical Bills**

As of February 2007, the County owes approximately \$728,000 in past due medical bills. The medical bills are from multiple service providers for the healthcare services for Knox County inmates. Further examination has determined that some of the medical bills are at least three years past due. KRS 65.140 requires that any goods or services received be paid for within thirty (30) working days of receipt of the vendor or service provider's invoice. Furthermore, the statute states that any unpaid invoices that exceed 30 days should have 1% added to the approved price to be submitted to the vendor or service provider.

We recommend that the County pay bills timely in accordance with KRS 65.140 in order to prevent penalties that are in excess of the purchase contract.

*County Judge/Executive J.M. Hall's Response: We agree that payment of bills in a timely fashion per KRS 65.140 should be followed.*

**2006-11 Over \$4,000 Of Credit Card Expenditures Could Not Be Appropriately Validated And Were Not Properly Documented**

Auditors chose five (5) months of credit card statements to test for a total of \$10,265 charges. Of the \$10,265 of credit card expenditures tested, only \$5,709 had proper documentation to support the expenditure (leaving \$4,556 without adequate documentation). Several expenditures were for travel, meals, or miscellaneous supplies. Auditor inquired of county personnel to see if travel vouchers existed to support expenditures related to meals and travel; we were told there are no such files. In one of the five (5) months of credit cards statements that were tested, we found that the payment was paid late which resulted in finance charges and late fees being applied to seven (7) credit cards statement in that month.

The payment of finance charges is not a proper expenditure of public funds. Also, the former County Judge/Executive's name continues to be printed on the statements. We recommend that the Fiscal Court apply best practices when exercising its fiduciary responsibility to act as agents of the public trust. We also recommend that the Fiscal Court have more control of credit card usage and require documentation of who used the card and for what reason. Strong internal controls dictate that there be procedures in place that reconcile monthly credit card receipts submitted by employees to the credit card statements. Also, the credit card company should be notified to change the County Judge/Executive's name. The following procedures should be implemented immediately to strengthen internal controls over credit card use:

- All receipts for credit card transactions should be attached to the statement and filed for preparation of the claims list.
- Once the statement is received and all receipts related to that statement are attached to the credit card statement, a detailed list of transactions should be included on the claims list presented to the Fiscal Court for approval.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-11 Over \$4,000 Of Credit Card Expenditures Could Not Be Appropriately Validated And Were Not Properly Documented**  
**(Continued)**

- Travel vouchers should be maintained to support meal, hotel, and other travel-related expenditures. All receipts for such expenses should be attached to the vouchers with the signature of the employee to substantiate and provide adequate documentation.

*County Judge/Executive J.M. Hall's Response:* We agree that the above recommendations should be implemented.

**2006-12 The Purpose And Location Of Work Performed Using Rental Equipment Should Be Logged Daily And Signed By The Operator**

During testing, we found that the former Judge/Executive rented a Case 580 M Backhoe from a rental company that was delivered to a jobsite outside of Knox County. Further investigations found that the location was Gordon Hill in downtown Corbin. We noted that the invoice was billed to Knox County Fiscal Court, however, we were unable to verify the amount paid. There were several instances of equipment being rented; however, we were unable to make any conclusions due to the county's lack of detail and documentation. We recommend that the Fiscal Court review the County's policies regarding this and work to develop control procedures to provide detail that will document the work being performed and location of such work being completed. Also, a person such as the operator should log the beginning and ending hours on the machine each day, the worksite in which the equipment is used, and then the operator should sign the log sheet.

*County Judge/Executive J.M. Hall's Response:* We agree.

**2006-13 Questionable Payments Were Made To A Company Totaling \$113,173 For Various County Road Projects**

Disbursements totaling \$113,173 paid to one company for various county road projects are questionable. During the audit, we found instances where the checks were issued to a company in which the former county judge executive may have financial interest. There were also instances where these checks were cashed and or deposited by individuals other than the payee. Due to the questionable endorsements, an organizational search of this company was performed on the Kentucky secretary of state's business records website. According to that search, no companies were found to match the search request. In addition, occupational tax records were reviewed to determine whether the company paid occupational taxes; no records were found of payments, nor of the company's existence.

Of the \$113,713 total, only \$44,483 contained endorsements. The remaining \$68,290 did not contain any endorsements. There were no purchase orders issued for payments made to this company. Five checks were disbursed before a fiscal court meeting totaling \$45,550.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-13 Questionable Payments Were Made To A Company Totaling \$113,173 For Various  
County Road Projects**  
 (Continued)

Additionally, all of the invoices were not properly itemized. The invoices did not contain each day that costs were billed to the county and did not identify the billing time periods on the invoice.

The above transactions may involve questionable banking practices relating to the depositing of and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of cancelled checks and review the endorsements. Any endorsements not to be the intended payee should be referred to the fiscal court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the county follow its Ethics Code. Any violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow-up on any findings by the Ethics Commission and implement recommendations made.

*County Judge/Executive J.M. Hall's Response: We agree.*

**2006-14 The County Should Require All Employees To Maintain Timesheets And Keep Attendance  
Records**

During our testing of payroll, we noted the following weaknesses:

- Timesheets were not prepared by all employees including the Deputy Judge and Solid Waste Director
- Numerous timesheets did not have proper supervisory approval
- Employee signatures were absent from employee timesheets
- Vacation and sick leave balances were not maintained for all employees
- Timesheets did not match amounts paid according to check stubs

According to KRS 337.320, "every employer shall keep a record of the hours worked each day and each week by each employee." Good internal controls dictate all timesheets have supervisory approval, and proper and accurate records of vacation and sick time should be maintained. We recommend that the Fiscal Court ensure employees maintain timesheets that are properly approved by supervisors. Timesheets should include any approved time off including vacation and sick time. Central oversight should be maintained for all payroll records. In addition, reconciliations should be completed each pay period in order to perform reconciliations of the earnings records and leave time to timesheet.

*County Judge/Executive J.M. Hall's Response: We agree.*

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-15 The County Has Inaccurate And Incomplete Vacation Records For Employees**

During the test of employee vacation and sick leave time, major discrepancies were found. We tested the vacation time of nine (9) employees. Based upon the records made available to auditors, three (3) employees took vacation time in excess of the vacation time they actually earned. We further noted these three (3) employees had additional unused leave balances on their paycheck stubs. Also, there was no record of the vacation or sick leave time for three (3) other employees that were tested.

We recommend that the Fiscal Court implement policies in order to track vacation time that employees accrue. We further recommend that safeguards be put into place to create check and balances to track benefits, such as a person independent of the payroll process keeping separate records.

*County Judge/Executive J.M. Hall's Response: We agree.*

**2006-16 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15**

During the testing of payroll, auditors noted that county employees are not receiving the same level of health insurance benefits. Elected officials are receiving county-paid family coverage while others are paying for the extra cost for family coverage. During fiscal year ended June 30, 2006, the County paid as much as \$655 per month per employee for the additional costs of the family plan over the single plan. The County's Administrative Code states that the County promotes equal opportunity in matters of compensation and benefits. It further states that the County pays for an individual's health insurance policy but does not add that certain individuals will receive the family benefit as well. In the review of subsequent events, the auditors found that in September 2006, the County amended and approved an Administrative Code in which a provision was added that states:

"The County pays the premium for all individual health insurance policies offered by the county; except, however, the county will pay the premium for family health insurance plans for all elected county officials, senior executives and department heads as may be negotiated in their compensation package."

During subsequent testing of payroll, it was also determined that the additional health coverage was not included in taxable wages on the 2006 W-2's. According to IRS regulations this additional compensation may be considered taxable benefits. If so, this amount would have to be included in gross wages, which in cases of elected officials that have maximum salaries set by the Department of Local Government, it would cause them to refund a portion of their wages. We recommend that this matter be discussed with the County Attorney and possibly a tax consultant.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-16    The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15**  
**(Continued)**

OAG 94-15 states, “the basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute.” We recommend that the County comply with the Administrative Code and provide the same level of benefits to all county employees. We further recommend that the Fiscal Court seek legal advice from the County Attorney as to the legality of not providing the same level of health insurance coverage for all employees as stated in OAG 94-15. We would also like to inform the county that although a procedure or policy is established in the County’s Administrative Code, the Administrative Code does not trump established laws, statutes, and regulations in order to make broader policies.

*County Judge/Executive J.M. Hall’s Response: This was the previous administration’s policy, therefore we have no comment.*

**2006-17    The County Failed To Report Fringe Benefits Compensation As Taxable Income On Employees’ W-2’s And The County Also Needs To Improve Internal Controls Over County Cell Phone Usage**

The County failed to include the fringe benefits of personal use of cell phones in the taxable wages of employees and their W-2’s. In the testing of payroll and other established testing procedures it was discovered that employees of the county are regularly using county issued cell phones for personal purposes. Failure to report these fringe benefits as taxable wages are against regulations of the Internal Revenue Service.

The County provides cellular telephones to multiple departments and personnel. Testing of the usage found that the cellular telephones are not only being used for county business but also personal business as well. During the year ended June 30, 2006, the cellular phone bills were approximately \$1,000 per month. The personal usage per month is significant and should be taxed accordingly.

The County administrative code only restricts the use of County property from the road department for personal use. Consequently, it doesn’t appear that there are any restrictions or policies for the use of County property by other employees or departments. We recommend the following procedures and recommendations be followed:

- Account for the personal use of cellular phones properly by applying the appropriate taxable amount to the employees’ W-2’s as required by IRS regulations.
- The County should evaluate the necessity of cellular phone usage for each employee.
- The County should make every effort to adhere to the Administrative Code and amend it as necessary to implement stronger controls.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

2006-17 The County Failed To Report Fringe Benefits Compensation As Taxable Income On Employees' W-2's And The County Also Needs To Improve Internal Controls Over County Cell Phone Usage  
 (Continued)

*County Judge/Executive J.M. Hall's Response: This is prior administration's policy and we recommend changes be implemented as required.*

2006-18 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The Proper Location

During our review of the fiscal court minutes, we found that an employee that works in the county judge/executive's office had been appointed to be the fiscal court clerk. In addition, the minute books were being filed in the county judge/executive's office. KRS 67.120(1) states that a fiscal court clerk may be appointed by the fiscal court if the county clerk declines to serve as the fiscal court clerk. KRS 67.100(5), however, states that the minute books shall be kept in the office of the county clerk. We recommend the county comply with KRS 67.100(5) and file the fiscal court minutes in the office of the county clerk.

Further review of the minutes revealed that the claims lists approved by fiscal court were not attached to the fiscal court minutes. The claims lists were filed separately from the minutes and were not signed by members of the fiscal court. Therefore, we could not verify that the members certified that claims were approved for payment. Also, during our review of subsequent events, we observed that the fiscal court clerk had not signed each of the minutes in July 2006. In one instance we found that the acting chairman did not sign the minutes. In addition, during the review of subsequent events, there were documents and contracts of the county that were signed by a former employee of the county.

In general, the official fiscal court minutes were in a complete state of disarray with post-it-notes, scribbling, unbound pages, folded papers, and items that had nothing to do with what should have been in the fiscal court minute books. The minutes were not detailed enough to provide adequate information to the public or to the auditors. The fiscal court minutes need to accurately reflect what occurs during fiscal court meetings. The minutes need to include all bids submitted to fiscal court, a listing of all claims approved and paid, road work logs and plans, copies of all budgets and financial statements, and other items presented (includes contracts, estimates, bids, etc.) that supports the actions taken by the fiscal court.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-18    The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The Proper Location**  
**(Continued)**

Anyone that is interested in reviewing the recordings for information in regards to the Fiscal Court meetings should be able to find it in the minutes. The absence of this supporting documentation prevents the public from reviewing what actually occurred at the Fiscal Court meetings. We were often unable to verify information in the minutes because of lack of detail and supporting documentation.

In an effort to increase controls over the Fiscal Court minutes, we recommend the claims list be indexed and attached to the minutes. We further recommend that the minutes of the court be stored in the County Clerk's office. The pages of the minutes and the claims list should be sequentially numbered and signed by all members of the Fiscal Court certifying that they are correct and complete. All supporting documentation should be located in the minutes as well in order to support any decision made by the Court. Also, we recommend that contracts, legal documents, and other documents that may bind the County to an agreement should not be signed by anyone other than the proper County employees or officials.

*County Judge/Executive J.M. Hall's Response: We agree.*

**2006-19    The Former County Treasurer Did Not Prepare A Schedule Of Expenditures Of Federal Awards**

The former County Treasurer did not prepare the Schedule of Expenditures of Federal Awards for fiscal year ended June 30, 2006 in accordance with OMB Circular A-133. During fiscal year ended June 30, 2006, a single audit was required if federal expenditures equaled or exceeded \$500,000. OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, section 310(B) requires the auditee to prepare a schedule of expenditures of federal awards covered by the auditee's financial statements. At a minimum, the schedule should include the following, if applicable:

- List individual Federal programs by Federal Agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research & Development, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For Example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- For Federal awards received as a sub recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- Provide total Federal awards expended for each individual Federal program and the Catalogue of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.
- Include notes that describe the significant accounting policies used in preparing the schedule.
- To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub recipients from each Federal program.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

2006-19 The Former County Treasurer Did Not Prepare A Schedule Of Expenditures Of Federal Awards  
 (Continued)

- Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. While not required, it is preferable to present this information in the schedule.

In the future, we recommend the County properly prepare the Schedule of Expenditures of Federal Awards and provide supporting documentation for amounts reported.

*County Judge/Executive J.M. Hall's Response: We agree.*

2006-20 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements

The County did not have a complete capital asset schedule for fiscal year 2006. The schedule was not all-inclusive. Auditors found additional assets that had to be added to the County's schedule. Also, the schedule had many errors and omissions. Depreciation amounts were not calculated correctly for certain assets and historical costs were not included for all assets. The number of years owned was either not included for all assets or was in error. As a result of this, auditors used the County's prior year audited schedule, inventory schedule as provided by the new administration, and then adjustments were made for additions and deletions for fiscal year 2006 activity. We recommend that the County maintain complete and accurate capital assets schedules to comply to GASB #34 requirements.

*County Judge/Executive J.M. Hall's Response: We agree.*

2006-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement

During our review of financial disclosure statements, we discovered that several required elected officials, appointed officers and employees did not file a financial disclosure with the Cumberland Valley Regional Board of Ethics. This includes the following individuals:

- County Jailer
- County Coroner
- Constables
- Chief Deputies
- Department Heads

Under the authority of KRS Chapter 65, Knox County Fiscal Court enacted an ordinance establishing a code of ethics to guide the conduct of elected and appointed officers and employees of the county.



**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement**  


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**(Continued)**

According to the ethics code adopted by the county, the following individuals shall be required to file a financial disclosure statement:

1. Elected officers;
2. Candidates for elected office;
3. Commission or Board appointees, appointed and/or approved by the Knox Fiscal Court that receive any compensation for such appointment; and
4. Chief deputies, and department heads (e.g. Ambulance Director, Road Supervisor, Assistant and Deputy Judge/Executive)

The financial disclosure statements required by the county's ethics code shall be filed with Cumberland Valley Regional Board of Ethics no later than March 1, at 3:00 p.m. each year for compensated board appointees and all elected county officials and within 21 days after the filing date for candidates for county offices or their date of nomination which ever shall first occur. Any financial disclosure statement filed after this date is delinquent. We recommend the county follow its Ethics Code. Any violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow-up on any findings by the Ethics Commission and implement recommendations made.

*County Judge/Executive J.M. Hall's Response: We agree.*

**2006-22 The County Entered Into An Agreement To Lease/Sell The Knox County Hospital Without Fiscal Court Approval And Without Complying With State Disposal Laws**  


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On February 1, 2006, the former Knox County Judge/Executive entered into an agreement with a private corporation (Pacer Health Corporation) to lease the Knox County Hospital with an option for the Corporation to buy the Hospital. This agreement states that Pacer shall lease all of the assets for a fee of \$2,000,000, to be paid at closing. The agreement grants a purchase option, which is the current amount of bond debt reduced by closing fees and lease payments at the time the purchase option is executed. Review of county records reveal that the county didn't have ownership of the hospital at the time the agreement was entered into by the Former Judge/Executive. Ordinance Number 20060222-1 authorizing the county to assume full responsibility for the hospital operations was not effective until February 20, 2006, which is nineteen (19) days after the agreement was executed. This ordinance was not presented to the fiscal court until February 22, 2006, which is twenty-five (25) days after the agreement was executed and two (2) days after the effective date of the ordinance. Therefore, the former Judge/Executive did not have the authority to enter into this agreement to lease/sell the hospital.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-22    The County Entered Into An Agreement To Lease/Sell The Knox County Hospital Without  
Fiscal Court Approval And Without Complying With State Disposal Laws**  
**(Continued)**

In addition, the agreement also held the County financially liable for a penalty of \$750,000 if the County did not follow through with the agreement. KRS 67.0802 lists the methods by which counties may surplus property (real and personal). These methods include, and are limited to: auction, electronic auction, sealed bid, and transfer to another governmental entity. On July 11, 2006, an Interim Management Agreement and Lease and Operating Agreement was amended to extend the final agreement deadline. The agreement was finalized in December 2006. The terms of the lease are summarized as follows:

1. Pacer will have control of the Hospital Facility.
2. Pacer will collect all revenues and pay all expenses in the operation of the Hospital
3. Pacer will make monthly lease payments to the Trustee of the 2006 Bonds in an amount equal to the debt service on the 2006 Bonds.
4. Pacer will pay all expenses associated with maintaining and insuring the Hospital.
5. Pacer will pay any leasehold tax payments due under Kentucky Law and will pay in lieu of tax payments on December 1 of each year to the County.
6. Once the new Series 2006 Bonds are paid, Pacer has the option to take title to the Hospital as owner.
7. Pacer will provide the County with financial reports but it will be solely responsible for the operation of the Hospital and will not have to seek approval from the County for its management functions.

We recommend the County take actions to ensure proper approval of transactions by Fiscal Court and that proper disposal of assets laws are followed. We also recommend the County take possession of financial reports when possible and obtain debt confirmations periodically to ensure that the debt payments are being made in regards to the 2006 Hospital Bonds. In addition, a current audit of the Knox County Hospital has not been performed; therefore we recommend that the County request such documents when they become available. We further recommend that the County Attorney review the legal status in regards to contractual obligations being fulfilled. This information will be forwarded to the appropriate authorities.

*County Judge/Executive J.M. Hall's Response: We agree.*

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**B. FINANCIAL STATEMENT FINDINGS (Continued)**

**2006-23 The County Should Ensure That The Knox County Public Properties Corporation Is  
Complying With Contractual Agreements**

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On November 15, 2005, Knox County authorized the acceptance of the deed for the Doctor's Office Building (Old Hospital Park) in and for consideration of the Knox County Fiscal Court's mortgage against the property by payment of a mutually agreed lump sum of \$300,000.

In an agreement with the Former Hospital Operating Board, it was stated that the Hospital would be responsible for paying the debt, as long as the hospital was producing income. Upon the completion of the new Hospital, the old Hospital Park was rented out as doctor's offices. The renting of the property made the property income producing, therefore, the funds should have been paid toward the 1981 Hospital Bond. The Knox County Public Properties Corporation did not enforce payment and therefore the funds were not used for the purpose of paying the bond debt. Thus, the transaction above took place.

We recommend that in future agreements the Public Properties Corporation enforce payment and contractual agreements.

*County Judge/Executive J.M. Hall's Response: We agree.*

**2006-24 The Former Treasurer Did Not Prepare An Annual Statement In Accordance With KRS  
424.220**

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The Treasurer's annual settlement was not prepared or published. KRS 424.220 requires public officers who receive or disburse public funds to prepare an itemized, sworn statement of all funds collected, received, held, or disbursed during the fiscal year. The annual statement is required to show the total amount collected and received from each individual source, and the total amount of funds disbursed to each individual payee and the purpose for which expended (the amount of salaries paid to all non-elected county employees can be showed as lump sum expenditures by category). The annual statement must also have attached a certificate from the cashier or other proper officer from the banks in which the funds are or have been deposited during the past year showing the balance of funds. We recommend the County prepare and publish an annual settlement in the future.

*County Judge/Executive J.M. Hall's Response: We agree.*

**C. FEDERAL AWARD AUDIT FINDINGS**

None

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2006**  
**(Continued)**

**D. SUMMARY OF PRIOR AUDIT FINDINGS**

2005-13 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures Of Federal Awards

- Uncorrected. Repeated as finding 2006-19

2005-15 Knox County Fiscal Court Has Questioned Costs of \$134,090 of Federal Transportation Grant Due To Failure To Comply With Allowable Costs

- Grant agreement has been closed - corrected.

2005-16 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs

- Grant agreement has been closed - corrected.

2005-19 The Knox County Fiscal Court Did Not Maintain Proper Supporting Documentation For Federal Funds Resulting In Questioned Costs of \$37,303 For The May 2004 Disaster

- The county submitted additional documentation to be reimbursed for a portion of the amount in question and the remaining was paid by the county.

2005-25 The County Should Improve Monitoring Controls Over Grants Administered By Third Parties

- Corrected.

